



THE PEACE CORPS
Performance and Accountability Report
Fiscal Year 2014



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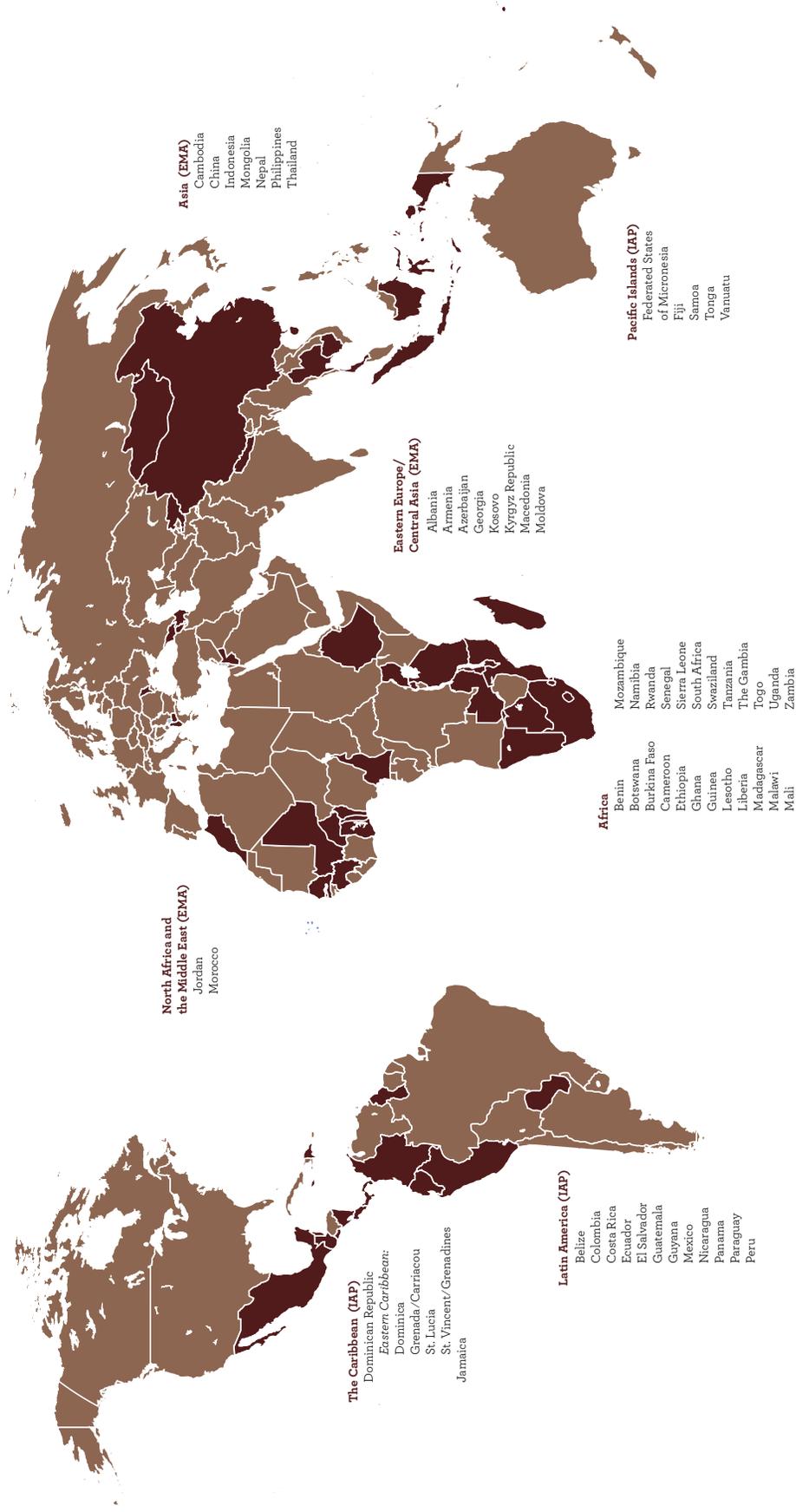
November 17, 2014

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This report is available at www.peacecorps.gov/docs.

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Where Peace Corps Volunteers Serve



Legend:
EMA = Europe, Mediterranean, and Asia Region
IAP = Inter-America and the Pacific Region

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THE DIRECTOR OF THE PEACE CORPS WASHINGTON, D.C.

I am pleased to present the Peace Corps' Performance and Accountability Report for FY 2014 on behalf of Peace Corps Volunteers and staff around the world. This report demonstrates the progress our agency has made on achieving its strategic objectives, accountability, and operational effectiveness. The report also highlights some of the exceptional work of Volunteers and staff.

Since 1961, the agency has advanced a mission of world peace and friendship through community-based development and cross-cultural understanding. Peace Corps Volunteers and staff accomplish this mission through three strategic goals:

1. **Building Local Capacity:** Advance local development by strengthening the capacity of local communities and individuals through the service of trained Volunteers
2. **Sharing America with the World:** Promote a better understanding of Americans through Volunteers who live and work within local communities
3. **Bringing the World Back Home:** Increase Americans' awareness and knowledge of other cultures and global issues through Volunteers who share their Peace Corps experiences and continue to serve upon their return

The Peace Corps remains one of America's best loved and most innovative ideas. In this complex and interconnected world—where our future depends on global cooperation, built on relationships of trust—the impact and relevance of the Peace Corps' work has never been more important. Volunteers help their communities tackle some of the most pressing development challenges of our time, while building bridges of friendship between our nation and others. When they return home, our Volunteers bring their intercultural skills and global perspectives to enrich every state in our union.

More than 215,000 Americans have served in 140 countries on behalf of the Peace Corps since 1961. At the end of FY 2014, 6,818 Volunteers are serving in 64 countries around the world. The agency's appropriated funding for FY 2014 of \$379 million (compared to slightly more than \$356 million in FY 2013) enables our agency to more fully support our Volunteers in the places where the greatest impact can be achieved.

In FY 2014, the agency opened a new program in Kosovo, restarted the previously suspended program in Mali, and moved forward with plans to open or reopen programs in Burma, Comoros, and Timor Leste in FY 2015. The agency also made several decisions in FY 2014 to safeguard the health, safety, and security of our Volunteers. Peace Corps programs in Ukraine and Kenya were suspended due to escalating security concerns. Additionally, the spread of the Ebola virus in West Africa prompted the temporary removal of 340 Volunteers from Liberia, Guinea, and Sierra Leone.

In July 2014, we announced sweeping changes to our application process which makes applying to the Peace Corps simpler, faster, and more personalized than ever before. Under this new recruitment initiative, applicants are now able to choose their country of service and apply to specific programs, and do so through a new, shorter application. As a result, the agency received 17,336 applications for two-year service positions in FY 2014—the highest number of applications received since 1992. When combined with applications to the Peace Corps Response program, the

agency received a total of 19,151 applications in FY 2014, demonstrating great interest among the American people to serve in the Peace Corps.

The health, safety, and security of our Volunteers remain the Peace Corps' highest priorities. During FY 2014, the agency conducted an internal review of the Sexual Assault Risk Reduction and Response (SARRR) program—a program mandated by the Kate Puzey Peace Corps Volunteer Protection Act of 2011. A review of SARRR program policies and procedures will commence in November 2014.

Additional accomplishments and challenges related to each of the agency's 11 strategic objectives may be found in the Performance Highlights Section.

Independent external auditors rendered an unmodified (clean) audit opinion on the agency's financial statements, with no material weaknesses identified by the auditors or through internal managerial reviews. There were, though, three instances of noncompliance with laws and regulations identified. My Qualified Management Assurance statement along with that of the chief financial officer provide reasonable assurance that the internal controls and financial management systems meet the specified objectives in the Federal Managers' Financial Integrity Act (FMFIA) as shown in the Management Assurances Section with the exception of one nonconformance with financial management system requirements for the Federal Information Security Management Act of 2002. Difficulties do remain, however, in satisfying the management and performance challenges issued by the Inspector General and in resolving the agency's long-standing audit significant deficiencies.

The Association of Government Accountants awarded the agency the prestigious Certificate of Excellence in Accountability Reporting for the seventh time for its FY 2013 Performance and Accountability Report. This award recognized not only the accountability of the Peace Corps but also its many performance management accomplishments.

The financial and performance data presented in this report are fundamentally complete and reliable.

Improvements in financial management implemented during FY 2014 and planned future improvements are shown in the Message from the Chief Financial Officer in the Financial Section of this report.

Due to the extensive reforms and operational improvements over the last few years, the Peace Corps is now better positioned than ever before to make a measurable difference in communities across the globe, in the lives of Volunteers, and in communities across our nation. I am so proud of our Volunteers and all of our staff, who are devoted to serving our country, by serving the cause of peace.

Sincerely,



Carolyn Hessler-Radelet, Director

November 17, 2014

Management's Discussion and Analysis



Mission and Overview of the Peace Corps

The Peace Corps mission is to **promote world peace and friendship** through community-based development and cross-cultural understanding.

The Peace Corps has been a leader in international development and citizen diplomacy for over 50 years. From the late-night campaign stop at the University of Michigan where then-Senator Kennedy challenged students to serve their country by helping people in the developing world to today, the agency has been guided by a mission of world peace and friendship.

The Peace Corps of today is a bold and forward-leaning organization with deep roots grounded in the purpose and ideals of its founders. The agency sends Americans abroad to tackle the most urgent needs of people around the world. Volunteers work at the grassroots level with local people and organizations to develop sustainable solutions that address persistent challenges. Volunteers live and work in local communities—in so doing, they build life-long friendships and promote mutual understanding between the United States and their host communities.

Being a Peace Corps Volunteer is a life-changing experience. When Volunteers return home, they bring back new skills and experiences that stay with them for the rest of their lives. These returned Volunteers never truly end their service. They

Peace Corps Facts

Historical

Officially established:	March 1, 1961
Americans who have served:	215,000+
Total host countries served:	140
Country that has hosted the most Volunteers historically:	Philippines (8,860)

Current

Host countries:	64
Total Volunteers:	6,818
Largest program:	Senegal (264 Volunteers)
Gender:	63% female, 37% male
Racial/ethnic minorities:	25 % of Volunteers
Average age:	28
Volunteers over 50:	7%

continue to serve the United States and their country of service by sharing their experiences with their families, friends, and colleagues and by sustaining their commitment to volunteerism and public service both at home and abroad.

Core Values and Organizational Structure

The Peace Corps advances its mission through the work of its Volunteers. The agency is structured to address the unique needs of Volunteers while they serve in local communities, often under hardship conditions. The well-being and success of Volunteers are at the center of how the Peace Corps operates.

The following core values shape and guide decisions at all levels in the agency to support the thousands of Volunteers serving across the world.

<i>Volunteer Well-Being</i>	The Peace Corps works to provide a safe, healthy, and productive service for every Volunteer. The safety, security, and physical and emotional health of Volunteers are the agency's top priorities.
<i>Quality and Impact</i>	The Peace Corps pursues quality improvements to strengthen its programs while maintaining a meaningful global presence.
<i>Commitment to National Service</i>	The Peace Corps seeks to expand opportunities for Americans to serve their country by volunteering their time in the service of others.
<i>Diversity and Inclusion</i>	The Peace Corps actively supports a culture of inclusion that builds on the strengths of the diversity of the American public and of the countries in which we serve.
<i>Evidence-based Decisions</i>	The Peace Corps uses high-quality data and evidence to focus resources on agency priorities, inform performance improvements both in the field and at headquarters, and promote institutional learning.
<i>Innovation</i>	The Peace Corps utilizes innovative approaches and technology to solve both persistent and emerging operational challenges and to advance local development.

Organizational Structure

In FY 2014, the Peace Corps maintained active programs in 64 countries, administered by 61 overseas posts. Programs were suspended in Ukraine and Kenya due to security concerns. The agency also temporarily removed Volunteers from Guinea, Liberia, and Sierra Leone due to the Ebola outbreak in West Africa.

Each post is led by a country director and supported by safety and security, medical, programming, financial, training, and administrative staff. Overseas posts are organized into three geographically based regions: Africa; Europe, Mediterranean, and Asia (EMA); and Inter-America and the Pacific (IAP).

The Peace Corps' domestic operations consist of supporting and providing strategic guidance to overseas posts, recruiting and selecting future Volunteers, promoting programs to encourage returned Volunteers to continue contributing to the Peace Corps mission, and performing central oversight functions. The Peace Corps Headquarters is located in Washington, D.C., and regional recruitment offices are located in Atlanta, Chicago, Dallas, Los Angeles, New York City, San Francisco, and Seattle.

An organizational chart follows.

Work of the Volunteers

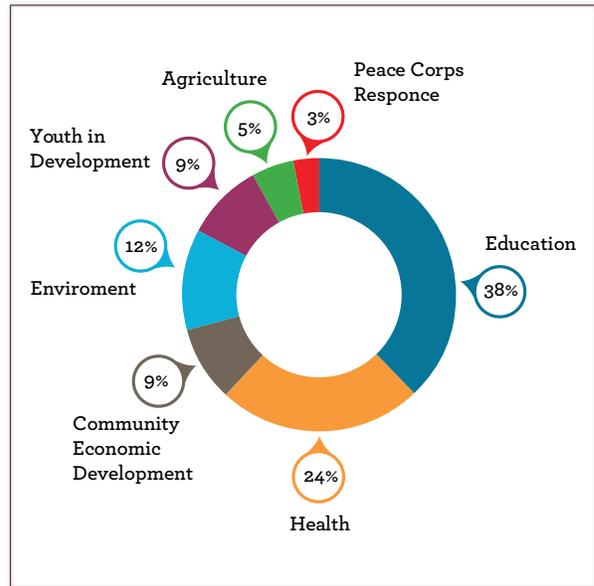
The Peace Corps approach to development is unique. Rather than providing direct monetary aid to host country governments, the Peace Corps provides technical assistance to local communities through the work of skilled Volunteers. By speaking local languages and living and working at the same level as their local partners and beneficiaries, Volunteers build mutual trust and develop a deep understanding of community needs and capacity. This enables the Peace Corps to contribute to host country development at the local level where the world's most persistent development challenges have a direct human impact.



Volunteers' work is not solely designed to advance local development outcomes (Strategic Goal One). To fully advance the Peace Corps mission, Volunteers are also tasked with building a better understanding of Americans in host communities (Strategic Goal Two) and with increasing Americans' awareness of other cultures both during and after their service and by continuing to engage in public service (Strategic Goal Three). The three Peace Corps strategic goals are dependent upon and reinforce one another, and Volunteers regularly contribute to each of them while working in their communities.

Peace Corps Programmatic Sectors

Volunteer projects vary across the world as they are designed to respond to local needs. The work of Volunteers falls within six programmatic sectors: Agriculture, Community Economic Development, Education, Environment, Health, and Youth in Development. Peace Corps Response Volunteers work on short-term, high-impact assignments that may be in one or more of these sectors.



AGRICULTURE

Volunteers: 348 (5 percent)

Countries: 8

Agriculture Volunteers work with small-scale farmers and families to increase food security and production and adapt to climate change while promoting environmental conservation practices. They introduce farmers to techniques that prevent soil erosion, reduce the use of harmful pesticides, and replenish the soil. Volunteers work alongside farmers on integrated projects that often combine vegetable gardening, livestock management, agroforestry, and nutrition education. Additional information on the Agriculture sector is at www.peacecorps.gov/agriculture.



Selected work by Agriculture Volunteers:

- Food security education in Burkina Faso:** Volunteers in Burkina Faso organized a camp to increase Burkinabe involvement and participation in their communities to combat food insecurity. Over 60 individuals from 14 different villages and towns participated in the event where they were provided with the opportunity to design community-based food secure projects. The camp was designed in collaboration with local professionals (agricultural specialists, teachers, nurses, and others). It included sessions on gardening, accounting and money management, nutrition, and other issues. The camp prepared participants to bring lessons learned back to their homes in the form of projects, information sessions, songs, and games.
- Off-season vegetable production in Nepal:** Two Volunteers and their counterparts in Nepal provided training on construction of irrigation systems using locally available materials (bamboo, wood, wire, and string) and material provided by local government partners. The demonstration drew the attention of many local farmers, and the Volunteers used the opportunity to promote other activities designed to increase agricultural production, including double-digging and micro-irrigation for vegetable production.
- Rural aquaculture promotion in Zambia:** In Zambia, Volunteers trained over 600 individuals on aquaculture techniques for site selection, surveying, and staking of fish ponds. Training sessions included discussions on the qualities of good fish ponds as well as miniature and full-scale fish pond construction demonstrations.

Volunteer Voice: Making vegetable soup with students in Guatemala

“On the first day when I arrived at my site, I worked with my counterpart from Save the Children and an agriculture technician to develop my work plan for the next nine months. We identified school gardening in the surrounding communities as one of my primary activities. With the help of the local agricultural technician, we identified a small rural community to work with, and within one week, the school garden project was started.

While we worked to build the garden, which included terracing a hillside and constructing raised beds, I developed a 12-week curriculum for the sixth grade class to use while they worked in the garden. The curriculum covered the science of gardening, including the germination process, plant nutrition, beneficial insects, and nutrition. The curriculum also covered math by teaching how to calculate germination percentages and how to measure the height of plants.

By the end of the 12-week curriculum, students learned a great deal about gardening—how to make and use compost and how to grow vegetables in their community. On graduation day, we gave each student packages of vegetable seeds to start their own family garden. We also made a huge vegetable soup that included vegetables brought by students as well as many leaves from their garden. This provided an opportunity to demonstrate one important lesson to the students—that the leaves from plants are as nutritious (or more nutritious) as the vegetables.

The process of making vegetable soup with the school cook and then serving it to all of the school's students and teachers was one of the most satisfying moments of my entire Peace Corps service.”



COMMUNITY ECONOMIC DEVELOPMENT

Volunteers: 624 (9 percent)

Countries: 27

Community Economic Development Volunteers work with development banks, local and international nongovernmental organizations, and municipalities to strengthen infrastructure and encourage economic opportunities in communities. They frequently teach in classroom settings and work with entrepreneurs and business owners to develop and market their products. Some Volunteers also teach basic computer skills and help communities take advantage of technologies such as e-commerce and distance learning. Additional information on the Community Economic Development sector is at www.peacecorps.gov/business.



Selected work by Community Economic Development Volunteers:

- **Entrepreneurship youth clubs in Nicaragua and Peru:** Volunteers in Nicaragua and Peru facilitate youth clubs that teach basic business skills and entrepreneurship to young people. Each year, the clubs hold several business plan competitions to showcase youth enterprise ideas at the local and national levels.
- **Organizational development in Armenia:** Volunteers collaborated with local partners in Armenia to organize workshops and one-on-one coaching sessions to help local organizations develop strategic plans and fundraising strategies. One organization was able to improve its management and business systems and to secure membership status with www.GlobalGiving.org, a crowd-funding website.

- **Savings group development and training in Kenya:** Volunteers in Kenya mobilized and trained community groups to develop village-based savings and loan associations. Community members can now take small loans from the group to start or expand income-generating activities such as small-scale bakeries, welding and repair activities, and buying and selling vegetables.

Volunteer Voice: Developing organizational and leadership skills in Macedonia

“A local organization had been working to find a solution to the housing crisis affecting some of the Roma families in the country. The Forum of Young Roma (the young volunteers of the organization) were also looking for a new project and wanted to receive some training on humanitarian aid actions. I worked with a local colleague to apply for a small project assistance grant to fund a seminar on various

topics that would culminate in the planning of a humanitarian action. The goal of the project was to energize and motivate the young volunteers to lead a humanitarian campaign to improve housing in the local Roma community by acquiring knowledge and skills in the areas of networking, fundraising, and time management.

The volunteers attended a two-day seminar that included such topics as the importance of volunteering, time management, teamwork, networking, fundraising, challenges in mobilizing the community, and, finally, instruction on how to write a community action plan. The original goal to ultimately improve the housing situation turned out to be too large of a project for the volunteers. They decided it would be more realistic for them to plan and implement a fundraising campaign and create hygiene packets for distribution to the very poor families in the neighborhood.

Although it was a small group, they were very motivated to make a difference in their community, and the group increased its membership as a result of the seminar. The group developed activities to achieve their goals and a clear action plan for completing their work. This clearly demonstrated their enthusiasm and motivation to tackle some pressing issues in the community.

As a result of this project, the volunteers acquired new knowledge in how to develop a network, how to organize a fundraising campaign, how to manage their time effectively, how to handle challenges inside and outside the community, and how to design a community action plan. All participants in the project expanded their network of contacts in the community and have since enlisted the support of other organizations for their humanitarian action.”



EDUCATION

Volunteers: 2,620 (38 percent)

Countries: 51

Education Volunteers play an important role in creating links among schools, parents, and communities. They work in elementary, secondary, and postsecondary schools as math, science, conversational English, and resource teachers or as early-grade reading and literacy teacher trainers. Volunteers also develop libraries and technology resource centers. Additional information on the Education sector is at www.peacecorps.gov/education.



Selected work by Education Volunteers:

- **Development of literacy programs in Guyana:** Volunteers in Guyana collaborated with their schools to teach phonemic (letter sound) awareness, letter recognition, sight reading, and other fluency activities for low-performing students. An assessment conducted with the Ministry of Education's National Diagnostic Test for Literacy at the end of the program showed considerable gains for many students.
- **Massive Open Online Courses in Mongolia:** A Volunteer in Mongolia led a study group to introduce students to Massive Open Online Courses and helped them develop the study habits necessary to succeed in U.S.-based, free online courses. The first course—a business strategy course offered by the University of Virginia—garnered the participation of 34 students. Over 130 students attended the second course—a basic writing course offered by Mt. San Jacinto College in San Jacinto, California. Both classes were supported by study groups led by the Volunteer.
- **Computer skills coaching in Cameroon:** Volunteers in Cameroon used their computer skills to contribute to the personal and professional development of students. Volunteers coached secondary-school students on how to write effective articles and how to publish newsletters and blogs (the school blog may be found here: <http://gssbessiawum.blogspot.com>). In addition to building the skills of students, the activity resulted in the dissemination of information on health-related issues in communities throughout Cameroon.

Volunteer Voice: Strengthening girls' education in Liberia

“As a Peace Corps Volunteer in Liberia, I noticed the challenges Liberians faced on a daily basis,

especially the constant struggles girls faced. The first day of school I asked my students to list their favorite hobbies. The boys talked about their love of playing football and volleyball, listening to music, and farming. Almost all of the girls responded that they loved cooking and washing. I was not entirely surprised—women and girls in Liberia have limited choices and spend much of their time on these domestic tasks. I always knew I wanted to empower women and girls during my service, but I didn't quite know how or where to start.

During a trip to Sierra Leone for vacation during Christmas break, I came across some bags that were made out of different pieces of lappas, a type of West African fabric. I thought that teaching girls at my site how to make similar bags might be a way to build valuable skills and to pay for continuing their education. I shared the idea with Sister Yamah Zawu—a teacher who had started a girls' club the year before that was having trouble getting off the ground—and she thought it would be a great way to encourage the girls to participate in the club and stay in school. We called the new girls' club the Bosh Bosh Project. The project is now a registered local nongovernmental organization with its own website (www.boshbosh.org) and Facebook page. The main focus of the project is to raise funds for students, female teachers, and community members through the sale of eclectic Bosh Bosh products made by the students in the club. In addition to enabling students to pursue their education, the club teaches valuable life skills through workshops on family planning, health, HIV/AIDS, business practices, and women's rights. The club also encourages girls to become leaders in their community by providing them with the means to complete their education through scholarships.

When you educate one girl, you not only educate her entire village but our entire world.”



ENVIRONMENT

Volunteers: 788 (12 percent)

Countries: 23

Volunteers lead grassroots efforts in their communities to protect the environment and strengthen understanding of environmental issues. They teach environmental awareness in elementary and secondary schools and to youth groups and community organizations. They empower communities to make their own decisions about how to protect and conserve the local environment. Volunteers also address environmental degradation by promoting the sustainable use of natural resources. Additional information on the Environment sector is at www.peacecorps.gov/environment.



Selected work by Environment Volunteers:

- Environmental summer camp in Ethiopia:** A team of Volunteers in Ethiopia started an environmental camp for high school boys and girls. The Growing and Renewing our World camp (Camp GROW) focused on discovering the circle of life and included lessons on ecological concepts, microorganism form and function, tree planting, nature appreciation, human impacts, and other topics. Participants created environmental action plans to implement in their home communities.
- Bee husbandry in Tanzania:** A Volunteer in Tanzania initiated a small-scale bee husbandry project with 11 families. Through the project, the families learned about the biology of bees and their hives, hive construction and maintenance, sustainable honey and wax harvesting techniques, bee calendar development, and how to correctly wear protective clothing. The project also taught the participants about environmental conservation. Using the 50-acre site as an

example of a protected area, the group created fire breaks and signs to surround the property to protect it from burning and tree-cutting. The families built 55 hives which will produce up to 30–40 kilos of honey every year. The project provided the families with supplemental income and food and taught the community about the benefits of environmental conservation.

- An environmental education toolbox in Mexico:** After interviewing over 80 percent of the teachers in their community and reviewing their textbooks, a Volunteer couple in Mexico identified the types of materials the teachers would find most useful to promote environmental awareness in the classroom. As a result of this research, the Volunteers developed an environmental education toolbox that the teachers can use in their classrooms. The toolbox contains fact sheets on local fauna and flora, games, hand magnifiers and

thermometers, photographs, and a teacher’s guide. The Volunteers estimate that more than 14,000 students will benefit from the project.

Volunteer Voice: Organizing community clean-ups in Paraguay

“The night before the clean-up, it rained—a lot. The next morning, rain was still threatening, and my community partner and best friend called me up with a frustrated tone in her voice asking if we should cancel it. I took one glance at the grey sky, and told her: ‘We’re doing it! Let’s call the radio stations to announce it. It’s not going to rain anymore.’

It didn’t. During the country’s first collaboration with International Coastal Cleanup—a campaign led by Ocean Conservancy—approximately 140 community volunteers participated in the first clean-up of the banks of the Paraguay River, which runs as the border between Paraguay and Argentina. By the end

of the event that day, we had removed 1,450 kilos—a ton and a half—of trash.

People were so enthusiastic about the event that they wanted to know when there would be another clean-up. Others acknowledged that there was an urgent need for an efficient trash management system in the city to prevent the accumulation of trash in public places and to protect endangered natural resources.

Due to the success of this initial event, other local partners have expressed interest in collaborating with Ocean Conservancy and its International Coastal Cleanup campaign in order to continue bringing attention to this issue through positive and responsible actions.”



HEALTH

Volunteers: 1,632 (24 percent)

Countries: 38

Health Volunteers work within their communities to address important topics such as nutrition, maternal and child health, basic hygiene, and water sanitation. Volunteers also work in HIV/AIDS education and prevention programs to train youth as peer educators, develop appropriate education strategies, provide support to children orphaned by the pandemic, and create programs that provide emotional and financial support to families and communities affected by the disease. Additional information on the Health sector is at www.peacecorps.gov/health.



Selected work by Health Volunteers:

- **World Malaria Month in Uganda:** In Uganda, 160 Volunteers took part in World Malaria Month—an effort to expand the reach of World Malaria Day. Volunteers from all sectors distributed 2,500 bed nets, reached 5,400 students with malaria prevention messages, and monitored 1,300 sleeping spaces for net usage.
- **Hand-washing station and trash can installation in Benin:** A Volunteer in Benin worked with the school administration to install four hand-washing stations and trashcans around the secondary school to contribute to campus cleanliness and improve student hygiene. After installing the devices, the Volunteer and local partners trained over 3,000 students on their proper usage.
- **Nutrition education in Cambodia:** Volunteers and their counterparts in Cambodia trained over 7,000 community members on nutrition through cooking demonstrations, baby weighing, and the promotion of immediate and exclusive breastfeeding.

Volunteer Voice: Connecting rural communities to health care in Morocco

“I live in a very small community—so small that it doesn’t have a health clinic. Local people primarily work as subsistence farmers, and their incomes are

stretched each month to meet basic needs for food, shelter, and education. Often, this means that they either do not visit the regional health clinic or delay visits until medical conditions become much more severe. Even when they go to the regional clinic, they may be unable to purchase prescriptions from the pharmacy.

To improve access to health care, my community and I worked with the Ministry of Health to have a health caravan come to serve community members. The community provided food, tea, and a large house where the health caravan could be set up. We secured grant funding to cover the cost of transportation for 10 doctors and dentists. The Ministry provided—for free—an eye doctor, an OB-GYN, a dentist, and a fully stocked pharmacy. In all, approximately 300 people who may never have had access to health care before were able to see doctors and receive medicine.

The most uplifting part of this project was seeing the way the community pulled together to make it happen. The community exceeded all expectations with their hospitality toward the visiting caravan of doctors. The community also developed a strong relationship with the Ministry of Health—they are already working together to plan another health caravan this summer. Many times during my service, I have seen how the Ministry of Health really wants to serve these rural towns but has been unsure about how to best do so. I think that this project helped to start a relationship that can continue to help each group.”



YOUTH IN DEVELOPMENT

Volunteers: 618 (9 percent)

Countries: 19

Youth in Development Volunteers work with youth in communities on projects that promote engagement and active citizenship. Volunteers across all sectors are trained to work with youth as community resources and as a means of enhancing the impact of their projects. Volunteers work with youth to promote healthy lifestyle choices related to sexual and reproductive health, physical activity, and substance abuse prevention. They prepare youth for work with financial literacy and vocational skills and engage youth as active citizens through volunteerism and service learning. Additional information on the Youth in Development sector is at www.peacecorps.gov/youth.



Selected work by Youth in Development

Volunteers:

- **Preparation for the world of work in Azerbaijan:** Volunteers in Azerbaijan utilized several approaches to prepare young women for employment. They supported the creation of a computer center for women, developed women's leadership clubs focused on financial literacy and healthy living, and organized a national leadership conference with a local women's organization.
- **Life skills and leadership summer camps worldwide:** Volunteers across the world utilized summer camps as a strategy to engage young people and invigorate local youth clubs. Camps included Camp HEAL (Human Trafficking, Education, AIDS/HIV, and Leadership) in Ukraine, a Food Security Youth Camp in Ghana, and Girl-Tech in Uganda. Several Peace Corps programs implemented gender-focused camps

such as Camp GLOW (Girls Leading our World) and Camp BRO (Boys Respecting each Other).

- **Peer educator training in Cameroon:** A Volunteer in Cameroon worked with his counterpart at a local university Red Cross club to develop a three-day training workshop for 44 members of the Peer Educator Leaders Club. The training was focused on building the capacity of the participants to deliver HIV/AIDS messages. At the end of the training, participants conducted outreach activities both inside and outside of the university for over 300 students.

Volunteer Voice: Building life skills through theater in Ecuador

“During training, we were taught many different non-formal education techniques for working with young people. In my service, I found these techniques to be essential—particularly the use of theater.

At the beginning of my service, while I was still learning Spanish and trying to make a connection with the youth in my community, I started collaborating with a local nonprofit and a youth group. One of my first tasks was to support an artistic festival focused on the importance of caring for the environment. The youth group wanted to do a skit, but they could not come up with any ideas. I saw this as a great opportunity to connect with them, and I worked with them to develop a play about environmental pollution. I think I gained the respect of the teens in the youth group as a result of our work on the play.

During that time, I also began life-skills classes and workshops with younger kids in the community. It was difficult capturing their interest and attention—they just did not seem to care. That is when I decided

to give theater another try. Instead of simply talking at them, I involved them in the learning process. We took the life-skills topic of the week and talked about how we could turn it into a play. Together, we decided on the characters, setting, story, and more. Even though we only had five to six acting roles in each play, I involved all of the kids in the process, including designing sets using nothing more than big pieces of paper with our drawings of houses, schools, the forest, or other settings. We have performed six plays at different community festivals; some plays we just do within our own group or for the parents. This has been a wonderful way for me to teach the kids about self-esteem, good communication, conflict resolution, decision-making, and more. I am actually thinking about making a short movie with them next.”

PEACE CORPS RESPONSE

PEACE CORPS RESPONSE

Volunteers: 188 (3 percent)

Countries: 35

Peace Corps Response Volunteers serve in short-term, specialized assignments where they provide targeted assistance in challenging and diverse assignments that span the Peace Corps’ six programmatic sectors. Response Volunteers must be returned Peace Corps Volunteers, medical professionals, or have at least 10 years of work experience. Additional information on the Peace Corps Response program is at www.peacecorps.gov/response.



Selected work by Peace Corps

Response Volunteers:

- **Physician and nurse education in Malawi, Tanzania, and Uganda:** Over 30 physician and nurse educator Peace Corps Response Volunteers through the Global Health Service Partnership taught 85 university courses and workshops to more than 2,800 students and other health care professional trainees. Volunteers utilized new teaching activities, including improved scenarios and problem-based learning guides, Ask the Professor Rounds, and nursing grand rounds. Volunteers also established new professional development activities for local health care professionals and students such as using a department needs assessment survey tool, establishing weekly journal clubs, and planning a nurse leadership conference.

Volunteer Voice: Examining poverty and hunger from the ground up in Guatemala

“Several times a year throughout rural Guatemala, the scene is the same. Entire families rise with the sun to travel from their remote communities to the municipal center, often walking for hours over unforgiving terrain. Few of these people have 9-to-5 jobs, and even fewer wear watches; tardiness is universally understood and forgiven. Today, however, everyone is early. Women in indigenous dress and men in cowboy boots jockey for position outside the municipal salon, inside of which sits over 70 tons of freshly sealed food. Today is hand-out day.

On this particular occasion, the process is typical. Just like any hand-out day, the mayor gets the last word. He takes the stand and thanks the supplying institutions for the corn, beans, and cooking oil that will ease the struggles of his people this winter. He ends with a powerful yet disheartening question, posed directly to the gathering of people below.

“*Quién entre ustedes es pobre?*” “Who among you is poor?”

In unison, a sea of hands shoots into the air. “Poor” has an equally negative connotation in Spanish as it does in English, but representatives from over 700 families do not hesitate to classify themselves as such.

Why? After some time on the ground, the answer becomes clear: In Guatemala, a country that has been the focus of international relief efforts for years, poor people get stuff.

It is important to note that these people are not lazy. They do not play the system to their advantage, and they are not to blame. For years, institutions have simply provided aid without building capacity, creating dependence in rural communities throughout Guatemala. When you hear, “you are poor” or “you need help” enough times, you start to believe it.

As part of the government’s Feed the Future initiative, the U.S. Agency for International Development and the Peace Corps have partnered to take advantage of the Peace Corps’ unique grassroots perspective and experience to make a change to this cycle. As a Peace Corps Response Volunteer in Guatemala with Feed the Future, I’m working to be part of the solution.

By taking advantage of the extensive, on-the-ground experience that Response Volunteers bring to the table, local institutions are being strengthened across the country. For example, Response Volunteers work with the Ministry of Agriculture to train community promoters in family agriculture, poultry management, and preventative health. Instead of having their problems solved for them, these promoters are empowered to bring about positive change in their communities.

As a result, families are planting vegetable gardens and eating the highly nutritious vegetables they produce. Chicken vaccination campaigns are decreasing poultry loss and increasing meat availability in rural areas. Families are using local

resources to make simple yet important changes to their homes that keep their children healthy.

Interventions like these are not flashy. Working with fewer families with more frequency is a time-consuming process that requires patience and dedication. But the Feed the Future approach employed by U.S. Agency for International Development and the Peace Corps creates sustainable progress. In the future, there is no doubt that people and organizations must adapt to an ever-changing, complicated development landscape. Despite the challenges, by sacrificing size for substance, they can make a real difference in people's lives.”



Performance Highlights

The FY 2014 Performance and Accountability Report details the Peace Corps' progress on its goals and objectives during the first year of the FY 2014–18 Strategic Plan (www.peacecorps.gov/strategicplan). The Peace Corps FY 2014–18 Strategic Plan is the result of a comprehensive process that involved staff and Volunteers from across the world as well as key external stakeholders. The result is an ambitious plan that strengthens the far-reaching reforms of the last few years, focuses on addressing decades-old performance and management challenges, and leverages promising opportunities to increase the impact of Volunteers and improve operations. An interactive strategic plan orientation, as well as a message from the Director, is available at www.peacecorps.gov/strategicplanorientation to ensure that staff, Volunteers, partners, and the public become familiar with the goals, objectives, strategies, and activities in the new strategic plan.

FY 2014–18 Strategic Plan

Strategic Goals¹

Goal 1: Building Local Capacity

Advance local development by strengthening the capacity of local communities and individuals through the service of trained Volunteers

Goal 2: Sharing America with the World

Promote a better understanding of Americans through Volunteers who live and work within local communities

Goal 3: Bringing the World Back Home

Increase Americans' awareness and knowledge of other cultures and global issues through Volunteers who share their Peace Corps experiences and continue to serve upon their return



Strategic Objectives²

1. Volunteer Well-Being

Enhance the safety, security, and health of Volunteers through rigorous prevention and response systems and high-quality medical and mental health services

2. Service Opportunity of Choice

Position the Peace Corps as the top choice for talented Americans interested in service by reaching a new generation of potential Volunteers and streamlining the application process

3. Development Impact

Advance community-based development by strengthening the capacity of local individuals and communities, focusing on highly effective technical interventions, and leveraging strategic partnerships

4. Cross-Cultural Understanding

Build a deeper mutual understanding of other cultures by developing long-lasting connections between American and host country individuals and communities

5. Continuation of Service

Support returned Volunteers' continuation of service by fostering a vibrant alumni network, providing tools and resources to ease their transition after service, and offering opportunities for them to share their experiences

6. Diversity and Inclusion

Actively recruit, support, and retain a diverse workforce and Volunteer corps and build an inclusive culture that encourages collaboration, flexibility, and fairness

7. Site Development

Establish an environment conducive to Volunteer success through an integrated approach to developing effective projects, preparing work sites, and successfully collaborating with local partners

8. Train-Up

Develop a highly effective Volunteer corps through a continuum of learning throughout service

9. High-Performing Learning Organization

Cultivate a high-performing learning organization by investing in professional development for staff, improving staff retention, and strengthening institutional memory

10. Global Connectivity

Enable seamless communication and collaboration for all Volunteers and staff by modernizing and integrating information technology systems and leveraging the innovation of Volunteers and staff in the field

11. Measurement for Results

Advance the agency's ability to measure progress, improve performance, and demonstrate impact through integrated monitoring, reporting, and evaluation practices

¹ The Peace Corps Act (1961) articulates three core goals that contribute to the Peace Corps mission of world peace and friendship: (1) To help the people of interested countries in meeting their need for trained men and women, (2) To help promote a better understanding of Americans on the part of the peoples served, and (3) To help promote a better understanding of other peoples on the part of Americans. These three core goals continue to serve as the foundation for the Peace Corps' approach to development and the three strategic goals that guide the FY 2014–18 Strategic Plan.

² Strategic objectives may contribute to multiple strategic goals.

Performance Improvement at the Peace Corps

Under the leadership of Director Hessler-Radelet, the Peace Corps engages in open, honest, and transparent conversations about performance improvement. The agency uses an evidence-based approach to monitoring and assessing performance with a focus on using data to identify the most effective and efficient strategies that will produce the greatest impact. The result is an inclusive and participatory culture of performance improvement in which Volunteers and staff at all levels are invested in strengthening the Peace Corps.

The Peace Corps monitors and assesses performance throughout the year to ensure that offices are collaborating to meet agency goals and that resources are invested in proven strategies and activities. The Peace Corps deputy director serves as the chief operating officer and oversees the agency's performance management system. The Office of Strategic Information, Research, and Planning (OSIRP) is responsible for strategic and performance planning and works closely with offices across the agency to collect and analyze data to inform policy, program, and budget decisions. The director of OSIRP also serves as the performance improvement officer for the agency.

The Quarterly Strategic Plan Performance Review process is the primary mechanism for monitoring and assessing performance throughout the year. During these reviews, which are chaired by Director Hessler-Radelet, senior managers from across the agency discuss performance data, share best practices, and develop strategies to meet performance targets when areas for improvement are identified.

These quarterly performance reviews are transparent and open—staff at all levels are encouraged to attend and participate in the discussions. Leading up to the reviews each quarter, the agency determines the status of each of the

26 performance goals in the strategic plan based on both quantitative and qualitative analyses. This quarterly assessment of progress allows the agency to focus efforts on performance goals where there is the greatest need and opportunity for improvement.

FY 2014 Strategic Objective Progress Update

This section features a summary of the agency's progress toward the 11 strategic objectives in the FY 2014–18 Strategic Plan. Detailed information on the results for all 26 performance goals, as well as the agency's verification and validation standards for each data source, are presented in the Performance Section.

The Peace Corps' identification of its progress toward each strategic objective was informed by the agency's first annual strategic review on June 23, 2014. The day-long meeting was chaired by Director Hessler-Radelet and brought together senior leaders and agency staff to discuss how each office's individual strategic and operational plans contribute to the achievement of the agency's strategic objectives.

Progress toward each of the strategic objectives is assessed and categorized in one of the following statuses:

Noteworthy progress: The agency is on track to achieve the strategic objective. Strategies and activities have been executed on schedule, and there is evidence to suggest they are leading to the desired outcomes. Performance goal targets have either been met or are expected to be met in the future as the result of planned strategies.

Area for improvement: An increased focus is needed by the agency to improve performance on the strategic objective. Some strategies and activities may have been executed, but more progress is needed to advance the strategic objective. Additional data may be needed to better understand performance.

Strategic Objective 1: Volunteer Well-Being	FY 2014 Status
<p><i>Enhance the safety, security, and health of Volunteers through rigorous prevention and response systems and high-quality medical and mental health services (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>Noteworthy progress</p>

Status: Noteworthy Progress. Over the past few years, the Peace Corps has adopted significant reforms to enhance the safety, security, and health of Volunteers. Through a Volunteer-centered approach to safety, security, and health support, the agency relies on data and evidence to make decisions to protect the well-being of Volunteers. The agency has made significant progress on key reforms, including the development of the Sexual Assault Risk Reduction and Response (SARRR) program and improvements to Volunteer and staff training. The agency will evaluate the effectiveness of these and other significant reforms by exploring new methods for measuring Volunteer well-being in future years.

Accomplishments:

- Ongoing implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011:** On September 1, 2013, the agency launched the final stages of its Sexual Assault Risk Reduction and Response program. In FY 2014, the agency has continued to implement all aspects of the program. Staff who provide support to victims of crime have completed mandatory SARRR training, and Sexual Assault Response Liaisons at all posts have been trained. Additional information is at <http://www.peacecorps.gov/volunteer/learn/safety/support/puzey/>.

- Medical officer hiring, training, and retention:** Longevity in the tenure of Peace Corps Medical Officers (PCMOs) is highly correlated to Volunteer satisfaction with medical and mental health services as well as other health outcomes. As a result, the agency has made PCMO hiring, training, and retention a priority to improve the services provided to Volunteers. Improvements include policy changes to streamline the PCMO hiring process, the development of a dashboard to track PCMO hiring metrics, and the establishment of a headquarters-based support unit to reduce the administrative burden on PCMOs.

Challenges:

- Evolving security and health environments in host countries:** The economic, political, and environmental conditions in many of the countries where Volunteers serve can be fragile. Volunteers often serve in communities where the potential for crime, conflict, and disease outbreaks exists. Many of these conditions are outside the agency’s control. The Peace Corps employs response and prevention systems to minimize risk and ensure that Volunteers return home safely; however, not all crime against Volunteers and Volunteer illnesses can be prevented.

Strategic Objective 2: Service Opportunity of Choice	FY 2014 Status
<p><i>Position the Peace Corps as the top choice for talented Americans interested in service by reaching a new generation of potential Volunteers and streamlining the application process (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>Noteworthy progress</p>

Status: Noteworthy progress. The agency made sweeping changes to the application process, which has made applying to the Peace Corps simpler, faster, and more personalized than ever before. While performance goal targets were not met this year, the agency expects the significant increase in applications received after the launch of the new application process to continue into the next year and beyond.

Accomplishments:

- Historic changes to the application and selection process:** On July 15, 2014, Director Hessler-Radelet announced a series of extensive improvements to the application process. As a result of these changes, applicants can now choose the programs and countries to which they would like to apply. The application is also significantly shorter—the application can be completed in one hour, compared to eight hours for the previous application. Each open position also has “Apply By” and “Know By” dates so that applicants know when they can expect to receive an invitation to serve. Additional information on the new application process is at <http://www.peacecorps.gov/media/forpress/press/2418/>.

Challenges:

- Reduction in the number of Volunteers in the field:** After a period of extensive reform in which the agency prioritized investments in improving the quality of support provided to Volunteers, the number of Volunteers in the field has fallen over each of the last three years. The suspension of the programs in Ukraine and Kenya due to security concerns, as well as geopolitically motivated reductions in Volunteer requests from other countries and the temporary removal of Volunteers in Guinea, Liberia, and Sierra Leone due to the Ebola outbreak have further reduced the number of Volunteers serving. Having made investments in quality improvements, the Peace Corps is now positioned to steadily increase the number of Volunteers in the field. The agency is hopeful that Volunteers will be able to return to Guinea, Kenya, Liberia, Sierra Leone and Ukraine as conditions on the ground improve and is moving toward opening or reopening Peace Corps programs in countries such as Burma, Comoros, and Timor Leste. The Peace Corps is committed to increasing its presence across the world while it responds to evolving security and health situations in host countries.

Strategic Objective 3: Development Impact	FY 2014 Status
<p><i>Advance community-based development by strengthening the capacity of local individuals and communities, focusing on highly effective technical interventions, and leveraging strategic partnerships (Supports Strategic Goals 1 and 2)</i></p>	<p>Area for improvement</p>

Status: Area for improvement. More data are needed to fully assess whether the agency’s strategies for supporting and enhancing Volunteers’ development work are producing gains in local development outcomes. The Peace Corps is in the process of significantly enhancing its ability to measure the development impact of Volunteers through the improvement of existing data sources and the development of new data sources. Demonstrating the development impact of Volunteers is also being enhanced through the collection of baseline data for new country entries and new projects (Strategic Objective 11).

Accomplishments:

- Implementation of the Global Health Service Partnership:** Through the Global Health Service Partnership, the Peace Corps, in collaboration with Seed Global Health, sends trained health professionals to serve in one-year assignments as adjunct faculty in medical, nursing, and clinical officer training schools in partnering countries, helping to address critical shortages of qualified health professionals in areas of the world where they are most needed. Launched in March 2012, the first cohort of 31 medical and nursing professionals left for Malawi, Tanzania, and Uganda in July 2013. The agency is expecting to send 42 Volunteers to these countries in FY 2015.
- Improvements to the measurement of Volunteer impact:** The agency has made significant progress in diversifying and

improving the data sources utilized to measure the impact of Volunteers. The Volunteer Reporting Tool (VRT), the primary platform for collecting data on Volunteer activities and contributions to project outcomes, was redesigned in FY 2014. The redesigned VRT has a more intuitive user interface and allows for the global aggregation and reporting of Volunteer activity data. The agency has trained staff and Volunteers in the use of the redesigned VRT and has developed tools to ensure Volunteers correctly collect data on the agency’s standard sector indicators. The new Global Counterpart Survey, launched in FY 2014, provides another perspective of the impact of Volunteers—directly from Volunteers’ primary work partners. Additionally, the agency initiated baseline data collection work in Kosovo which will inform an eventual impact evaluation of a new country program, and similar efforts are planned for expected new country entries and new projects in FY 2015. Lastly, future administrations of the new Host Country Staff Survey, first launched in FY 2014, will provide additional information on the impact of Volunteers from the perspective of host country staff who, in many cases, have worked for the Peace Corps for several years. Improvements to these diverse data sources provide the agency with a richer understanding of the successes and challenges of particular projects and of the overall impact of Volunteers.

Challenges:

- **Effective site development and support:** Before Volunteers arrive in their country, the Peace Corps works to identify meaningful work opportunities and local partners for Volunteers and to ensure that work sites can support Volunteers’ safety, security, and medical and mental health needs. Effective site development is essential in building an environment where Volunteers can be successful. Historically, the agency has faced challenges in providing effective site development and support—Volunteer satisfaction with site

development is typically one of the lowest-ranked indicators measured through the Annual Volunteer Survey. To improve site development, all regions have adopted regional site development and monitoring standards, and the agency is in the process of developing post-specific site development criteria, policies, and procedures. The agency is also improving counterpart and host family training on working effectively with Volunteers and is working to appropriately staff overseas posts to more effectively develop and monitor sites.

Strategic Objective 4: Cross-Cultural Understanding	FY 2014 Status
<p><i>Build a deeper understanding of other cultures by developing long-lasting connections between American and host country individuals and communities (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>Area for improvement</p>

Status: Area for improvement. Building cross-cultural understanding between American and host country individuals is central to the Peace Corps development model. Volunteers act as cultural ambassadors by living and working in local communities and sharing their experiences when they return. However, to reach Volunteers’ full potential for contributing to local development and cross-cultural understanding, more progress is needed to ensure that recruitment and training practices more closely reflect recent advances in the study of intercultural competence. The agency is also working to use modern technology to increase direct interactions between Americans and host country individuals and to maintain them long after the Volunteer finishes his or her service in order to expand the agency’s cross-cultural impact.

Accomplishments:

- **Launch of the Global Counterpart Survey:** The agency formally launched the Global Counterpart Survey which—for the first time—provides the agency with the perspectives of the local counterparts with whom Volunteers work. Once the Global Counterpart Survey becomes a seamless part of regular post activities, the survey will provide global information on Volunteers’ effectiveness in contributing to local development and fostering cross-cultural understanding from the perspective of the host country individuals who work most closely with Volunteers. A detailed description of the new Global Counterpart

Survey may be found in the Evaluation and Research Section.

- **The Second Annual Blog It Home Competition:** Through programs such as the Blog It Home Competition, the Peace Corps encourages Volunteers to use social media and blogging to promote cross-cultural understanding. This program highlights and celebrates Peace Corps Volunteers from around the world who use their blogs to share other cultures with Americans. Out of more than 350 submissions, winners from Albania, Cameroon, China, Dominican Republic, Guinea, Senegal, Thailand, and Uganda were selected for their focus on using their blogs to increase cultural understanding. The winning blogs may be found at <http://www.peacecorps.gov/media/forpress/press/2426/>.

Challenges:

- **Training and tools to build sustainable, direct interactions between host country communities and Americans:** The agency has traditionally promoted the Peace Corps' third goal to increase American's awareness and knowledge of other cultures through Volunteers who share their experiences both during and after their service. Through this model, Volunteers act as cultural windows through

which individuals from host countries can catch a glimpse of American culture, while Volunteers' family, friends, and colleagues back home can view a snapshot of life in another country. However, with advances in technology, Volunteers now have the ability to directly connect Americans with host country communities to promote mutual learning and understanding. The challenge with this new opportunity is to develop the tools, training, and processes for Volunteers to use social media and other forms of communication to set up and sustain these direct interactions. Poor internet connections or the lack of connectivity also hinders this strategy in many of the places where Volunteers serve.

- **Outdated intercultural training materials and practices:** The academic field of intercultural studies has made great strides in recent years; however, the agency's training materials and practices do not yet reflect the latest research and findings around recruiting, assessing, placing, training, and supporting Volunteers and staff to ensure they have the intercultural competence to successfully live and work in local communities. The agency is in the process of incorporating best practices from the intercultural field, but significant work remains for the agency to be a leader in the field.

Strategic Objective 5: Continuation of Service	FY 2014 Status
<p><i>Support returned Volunteers' continuation of service by fostering a vibrant alumni network, providing tools and resources to ease their transition after service, and offering opportunities for them to share their experiences (Supports Strategic Goal 3)</i></p>	<p>Noteworthy progress</p>

Status: Noteworthy Progress. Since the establishment of the Office of Third Goal and Returned Volunteer Services in FY 2012, the agency has improved the career services provided to returned Volunteers (RPCVs) and strengthened relationships with independent RPCV groups to advance the Peace Corps mission and support RPCVs. The agency also continues to expand opportunities for RPCVs to share their experiences and also to improve data collection systems.

of understanding with the National Peace Corps Association—the leading nonprofit alumni organization that serves returned Volunteers and the Peace Corps community. The agreement advances the relationship between the two organizations and makes possible future collaboration to support returned Volunteers and advance the Peace Corps mission.

Accomplishments:

- **Expanded Career Events:** In FY 2014, the agency held two national RPCV career conferences, four regional career events, and monthly career webinars. The agency also held targeted noncompetitive eligibility career events to connect recently-returned RPCVs with prospective federal employers.
- **Memorandum of Understanding with the National Peace Corps Association:** The Peace Corps signed a memorandum

Challenges:

- **Unreliable RPCV contact information:** Currently, the agency has valid email addresses for approximately 50,000 returned Volunteers—less than a quarter of the over 215,000 Volunteers who have served since 1961. The lack of reliable contact information inhibits the agency’s ability to provide career and transition services to RPCVs. Approximately 7,000 new email addresses were identified through a postcard campaign this year, but more progress is needed.

Strategic Objective 6: Diversity and Inclusion	FY 2014 Status
<i>Actively recruit, support, and retain a diverse workforce and Volunteer corps and build an inclusive culture that encourages collaboration, flexibility, and fairness (Supports Strategic Goals 1, 2, and 3)</i>	Noteworthy progress

Status: Noteworthy progress. The Peace Corps continues to increase the diversity of the Volunteer corps. The agency has also made strides in building an inclusive culture through the development of employee resource groups. The development of a new Host Country Staff Survey is additional evidence of the agency’s effort to be an organization that encourages collaboration and input from every individual in the Peace Corps community.

Accomplishments:

- **Sustained upward trend in applicant diversity:** The Peace Corps has made significant investments to ensure that Volunteers represent the diversity of the United States. Since FY 2008, the Peace Corps has achieved a 13 percentage point increase in the percentage of applications from individuals of minority racial

and ethnic groups. The agency also has continued to implement the initiative announced in FY 2013 that expands service opportunities to same-sex couples.

- Development of Employee Resource Groups (ERGs):** The agency first developed ERGs in FY 2013 to serve as a link among the diverse employee populations at the Peace Corps and build support for an open and inclusive organizational culture. ERGs are employee-driven groups supported by the agency. They promote networking, career development, and community service and support staff recruitment and skill development. They also work to advance the Peace Corps’ goals of building cross-cultural understanding. In FY 2014, two new ERGs were established: a group for veterans, and Lotus Corps, the Asian-American and Pacific Islander group, joining the existing ERGs serving the following areas of interest: African-American, Hispanic, LGBTQA (lesbian, gay, bisexual, transgender, queer, and ally); women, mindfulness, and Jewish.

Challenges:

- Support for a diverse Volunteer corps:** As the diversity of the Peace Corps increases, the agency will work to continue to identify how best to support the unique needs of individuals with different and varied requirements throughout the application process and during and after service. For example, retaining individuals from minority racial and ethnic groups throughout the application process has been a challenge. In FY 2014, 33 percent of applicants were from these racial and ethnic groups, compared to 25 percent of the Volunteer population. The agency has employed several strategies to address this issue, including partnering with colleges and universities through the Peace Corps Prep program to better prepare undergraduate students for international service, utilizing peer-to-peer networking on college campuses to recruit and support minority candidates, and working with the Department of Education, the Consumer Financial Protection Bureau, Congress, and others to mitigate the barriers to service presented by student loans.

Strategic Objective 7: Site Development	FY 2014 Status
<i>Establish an environment conducive to Volunteer success through an integrated approach to developing effective projects, preparing work sites, and successfully collaborating with local partners (Supports Strategic Goals 1 and 2)</i>	Area for improvement

Status: Area for improvement. While the agency has made improvements in several components of site development, including the creation of regional standards and post-specific site development procedures and improvements to the training of Volunteers’ local counterparts, more progress is

needed to meet this objective. Sustained, long-term focus by the agency is required to meet the aggressive targets set for site development over time.

Accomplishments:

- **Implementation of site development standards and procedures:** All regions have site development standards and procedures in place to ensure a consistent level of site development support across each of the three regions. Each region is now working to develop post-specific site development criteria, policies, and procedures.

Challenges:

- **Inadequate staffing for site development, monitoring, and support:** The agency’s strategies to improve site development focus primarily on increasing the number of visits by Peace Corps staff to Volunteer sites, conducting additional training with counterparts and host families, and providing more feedback and support to

Volunteers. These strategies all require additional staff time. The agency is working to appropriately staff overseas posts to accomplish site development and other goals. The agency is also experimenting with alternative methods of providing site development support, including clustering Volunteers and utilizing third-year Volunteers during the site selection process.

- **Volunteer housing and work site constraints:** The selection of Volunteer sites is largely determined by housing options, communication availability, and adequate transportation—all critically important in ensuring the safety, security, and health of the Volunteers. However, in some cases, these criteria can constrain the agency’s ability to place Volunteers in communities with the greatest need or with local partners who are the most committed to collaborating with the Peace Corps.

Strategic Objective 8: Train-Up	FY 2014 Status
<p><i>Develop a highly-effective Volunteer corps through a continuum of learning throughout service (Supports Strategic Goals 1 and 2)</i></p>	<p>Area for improvement</p>

Status: Area for improvement. In response to the 2010 Comprehensive Agency Assessment (http://files.peacecorps.gov/multimedia/pdf/opengov/PC_Comprehensive_Agency_Assessment.pdf), the Peace Corps has made great strides in standardizing Volunteers’ pre-service training through the Focus-In/Train-Up strategy. However, more progress is needed to standardize the training topics that are delivered throughout Volunteers’ entire service and to ensure adequate time for technical

and language training. The development of terminal learning objectives is in process and will allow the agency to better evaluate individual Volunteer learning as well as the impact of the standardization of training materials.

Accomplishments:

- **Launch of Global Learning Standards:** Building on the continued development of

standardized Volunteer training packages, the agency took a significant step in improving the effectiveness of Volunteer training by launching a Global Learning Standards program in FY 2014. The program includes an array of competencies required for Volunteers to be safe, healthy, and productive as well as assessment mechanisms to ensure Volunteers are prepared for service. Posts are in the process of phasing in terminal learning objectives and a trainee assessment portfolio for all global core training content. Starting in FY2015, posts will begin using this approach for sector-based learning objectives.

- **Development of the TEFL certificate program pilot:** The agency initiated a pilot program in FY 2014 to provide English-teaching Volunteers with Teaching English as a Foreign Language (TEFL) certificates upon the completion of their service. This will serve to attract individuals to Volunteer service, build counterpart capacity and student achievement, and provide enhanced career opportunities for returning Volunteers. The 30-month pilot is being implemented at three posts—Armenia, Madagascar, and Nicaragua—and includes approximately 100 Volunteers. Based on the results of the pilot, the agency expects to gradually expand the program over the next few years to all posts with English-teaching programs.

Challenges:

- **Increase in required Volunteer training topics:** Due to the recent safety, security, and health reforms and new legislation, the number of topics required to be covered during Volunteer pre-service training has significantly increased. As the length of pre-service training has not changed with these new requirements, the number of training hours available for language and technical training—topics critical for the safety and success of Volunteers—has declined. To accommodate the new required training topics and to improve language and technical training, the agency will likely need to increase the length of pre-service training—a significant investment.
- **The need to focus on the full continuum of learning:** With the pressures of limited time during pre-service training, it is increasingly necessary to view Volunteer learning as a continuum from invitation (pre-departure) through close of service. This will require the agency to consider new methods of training, including self-directed learning modules and other distance-learning approaches. The agency has made progress in improving the coordination of Volunteer training, which is expected to enhance a culture of continuous Volunteer learning.

Strategic Objective 9: High-Performing Learning Organization	FY 2014 Status
<i>Cultivate a high-performing learning organization by investing in professional development for staff, improving staff retention, and strengthening institutional memory (Supports Strategic Goals 1, 2, and 3)</i>	Area for improvement

Status: Area for improvement. The Peace Corps is in the process of developing the infrastructure necessary to implement an agencywide staff development program. The agency is also working with Congress to develop a legislative solution to the human capital and knowledge management challenges posed by the five-year rule (FYR), the unique law that limits the majority of U.S.-based and American overseas staff to five-year appointments. As the agency is in the initial stages of multiyear strategies to cultivate a high-performing learning organization, more time is needed to reach this strategic objective.

Accomplishments:

- **Initiation of an agencywide staff training program:** The agency is in the initial stages of multiyear strategies to centralize and coordinate staff training, including the development of a learning management system, an assessment of agency training needs, and the identification of the competencies required for individual positions. These strategies will provide the agency with a clearer picture of the full array of training that currently occurs across

the agency as well as the training needs of individuals and offices. As a result, the agency can better meet staff development needs and reduce duplication of training efforts.

Challenges:

- **High staff turnover:** The estimated average tenure (calculated using the median) for U.S. direct hire staff members who have departed since FY 2012 is 3.5 years. High staff turnover results in significant human capital costs and contributes to poor institutional memory. The agency has worked to reduce the rate of staff turnover by placing employees on five-year appointments rather than two successive 2.5-year terms as well as additional management reforms. However, the agency is also considering seeking a legislative fix to preserve, but modify, the five-year rule to further address these challenges.

Strategic Objective 10: Global Connectivity	FY 2014 Status
<i>Enable seamless communication and collaboration for all Volunteers and staff by modernizing and integrating information technology systems and leveraging the innovation of Volunteers and staff in the field (Supports Strategic Goals 1, 2, and 3)</i>	Area for improvement

Status: Area for improvement. The Peace Corps is on the cusp of major advances in modernizing and integrating information technology (IT) systems; however, more progress is needed to fully enable seamless communication and collaboration for all Volunteers and staff. The agency has committed to utilizing more open and flexible technology applications to respond to changing requirements and to fully leverage the innovation of Volunteers and staff in the field. The agency has also made progress in identifying and retiring legacy applications and updating PCLive—the Peace Corps’ knowledge-sharing platform. Additionally, the agency is undertaking an agencywide IT assessment to set priorities and strategies for modernizing and integrating core IT systems.

Accomplishments:

- **Improvements to the agency’s knowledge management platform:** In FY 2014, the agency updated PCLive—the Peace Corps’ knowledge management platform—to a robust technology that is more closely aligned with the knowledge-sharing and collaboration needs of staff and Volunteers. New servers were installed in spring 2014 and tested during the summer. The new platform was opened for beta testing in August 2014. During the testing phase, the agency continued to enhance the platform and add content. The new platform will be fully launched in FY 2015.

- **Initiation of the cloud email and collaboration tools pilot:** The Peace Corps is exploring a new agencywide collaboration and email solution from Google Apps for Government in partnership with the General Services Administration. For 90 days, beginning in September 2014, the agency will be conducting a pilot program of the Google product suite—including Google Mail, Google Drive, Google Groups, and more—to determine if the platform meets the agency’s need for a mobile-friendly and flexible communication and collaboration platform for staff and Volunteers. A new, cloud-based platform will enable staff and Volunteers to more easily access email and create and share documents, collaborate in real time, enhance productivity, and increase flexibility and autonomy.

Challenges:

- **Operational instability and low bandwidth at overseas posts:** The Peace Corps operates in some areas of the world that are challenged by restricted or sporadic internet connectivity. This often results in low bandwidth, power disruptions, and other challenges. With the agency’s push to implement modern cloud-based IT systems that require robust and reliable internet connection, implementation of these solutions at overseas posts with low bandwidth remains a challenge.

Strategic Objective 11: Measurement for Results	FY 2014 Status
<p><i>Advance the agency’s ability to measure progress, improve performance, and demonstrate impact through integrated monitoring, reporting, and evaluation practices (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>Noteworthy progress</p>

Status: Noteworthy progress. The agency is continuing to develop its monitoring, reporting, and evaluation capacity. In FY 2014, the Peace Corps improved existing data sources such as the Annual Volunteer Survey and the Volunteer Reporting Tool to improve data quality. The agency developed new surveys, including the Global Counterpart Survey and the Host Country Staff Survey, to provide additional perspectives on the impact of Volunteers and agency operations. The agency also instituted a new process for the collection of baseline data for new country entries and new projects to inform future impact evaluations.

Accomplishments:

- **Baseline data collection in Kosovo:** The first Volunteers arrived in Kosovo in June 2014, providing the agency with a unique opportunity to collect baseline data in a country where Peace Corps Volunteers have never served. Agency staff collected data on the general state of the Kosovar education system prior to the start of Volunteers' work, teacher proficiency in English and student-centered instruction prior to the integration of Volunteers into their schools, and the English proficiency of students before the end of the first term of the school year. Data were also collected on community members' perceptions of Americans. Data were collected in communities where Volunteers are expected to serve as well as communities that do not yet have a Volunteer. This baseline data will inform an eventual quasi-experimental impact evaluation of the program in Kosovo—a study that will more clearly demonstrate the impact of Volunteers.
- **Launch of the Host Country Staff Survey:** In August 2014, the agency launched

the Host Country Staff Survey—the first agencywide survey to systematically tap into the enormous wealth of experience of host country staff. Host country staff represent a large percentage of Peace Corps staff (over 90 percent of staff at posts and approximately two-thirds of staff worldwide) and perform a variety of duties, including managing Volunteer programs; ensuring the safety, security, and health of Volunteers; teaching local languages; serving as cultural facilitators; and performing administrative and financial work. They are critically important to the success of overseas posts and Volunteers and, as they are not subject to the five-year rule, they often serve much longer than American staff. The agency is using the results of the survey to improve both post operations and the support it provides to this important segment of Peace Corps staff.

Challenges:

- **Coordination of monitoring, reporting, and evaluation practices worldwide:** The demand for data and evidence to inform policy, program, and budget decisions has never been higher at the Peace Corps. As a result, several offices and overseas posts have developed new monitoring, reporting, and evaluation (MRE) practices. The challenges are to ensure that these new practices reinforce each other instead of duplicating other efforts, that they are sufficiently rigorous to result in actionable evidence, and that staff have the necessary time and technical capacity to collect, analyze, and report the data. The agency has convened an internal working group to address these challenges and better coordinate MRE practices worldwide.

Looking Forward

Since the beginning of the Obama administration, the Peace Corps has been in a period of revitalization and reform unlike any since the founding of the agency. During this time, the agency has embraced change to improve Volunteer support, focus and standardize Volunteer programming and training, and strengthen operations to enhance the impact of Volunteers around the world.

Looking forward, the Peace Corps is positioned to build on this strong foundation to address future opportunities and challenges with the same sense of purpose, idealism, energy, and innovation that turned the Peace Corps from a bold experiment in 1961 into a global leader in sustainable, grassroots development today.

Through the goals, objectives, and strategies outlined in the FY 2014–18 Strategic Plan, the Peace Corps will address and leverage the conditions, opportunities, and challenges described below. The Office of Inspector General's assessment of the Peace Corps' management and performance challenges may be found in the Other Information Section.

Volunteer safety, security, and health in an increasingly complex world

As Volunteers serve worldwide, sometimes in very remote areas, health and security risks are an inherent part of service. Additionally, Volunteers live and work in countries that are often vulnerable to unstable security conditions, inadequate health care, and political and economic conflict. A major challenge for the Peace Corps is to ensure the well-being of Volunteers while still maintaining a presence in areas of the world that could benefit the most from the work of Volunteers.

The evacuation of Volunteers from Ukraine in February 2014 is an example of the agency's response to a deteriorating security situation. Once the decision was made that conditions were no longer



*"I envision the Peace Corps as a dynamic, forward-leaning champion for international service. I envision a Peace Corps that is defined by its energy, innovation, and impact."
-Director Hessler-Radelet*

safe for Volunteers, the agency safely evacuated 232 Volunteers and hosted transition conferences to support Volunteers returning to the U.S. For several months after the evacuation, the staff at the Ukraine post continued to share updates with the returned Volunteers. Some Volunteers continue project-related work with their communities on projects online.

At all Peace Corps posts, the agency employs rigorous prevention and response systems to ensure the safety, security, and health of Volunteers. The agency works to reduce risks for Volunteers and respond effectively and compassionately to those who are victims of crime, including sexual assault. The full implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011 will continue to be a major focus for the agency. Additional information

and continued updates on the agency's efforts to ensure the well-being of Volunteers may be found at www.peacecorps.gov/safety.

Competition for talented Americans interested in public service

The majority of Peace Corps applicants are recent college graduates who expect transparency, speed, and choice when making major life decisions. Until recently, the application process to become a Peace Corps Volunteer did not adequately meet any of these criteria. At the same time, other opportunities available to individuals interested in service have expanded dramatically. These two factors resulted in increased competition for talented individuals interested in public service.

The Peace Corps responded in a bold fashion to this challenge through a major overhaul of its application and placement system in FY 2014. As a result of these historic changes, applicants can now browse open Peace Corps assignments on the Peace Corps website and choose the programs and countries to which they want to apply. The application is much shorter, and applicants are provided information on when they can expect to receive an invitation to serve. The agency also initiated new and proactive outreach and recruitment methods to attract more individuals to Peace Corps service, including a focus on diverse populations to ensure the Volunteer corps fully reflects the diversity of the United States.

In announcing these changes, Director Hessler-Radelet said, "A modernized, flexible application and placement system will help Peace Corps recruit Americans who are not just interested in imagining a better world, but in rolling up their sleeves and doing something about it."

Effective Volunteer programming, training, and support to strengthen development impact

Every day, thousands of Volunteers around the world work with counterparts and other

community members to improve the lives of local people. Volunteers' contributions to host country development are unique—they are community-based and rooted in strengthening the capacity of local communities, organizations, and people. As Volunteers often complete this work in remote areas and without the day-to-day supervision of Peace Corps staff, the agency has a responsibility to properly place, train, and support Volunteers to enhance their development impact and ensure their well-being.

As the result of recent reforms, the agency has standardized Volunteer training, reduced the number of Volunteer projects to focus on those that utilize the most effective technical interventions, developed regional site development standards, and emphasized the importance of providing timely and quality feedback to Volunteers on their work. Challenges remain in ensuring that overseas posts are staffed appropriately to meet the agency's ambitious site development and monitoring goals and in providing training and support beyond pre-service training throughout Volunteers' service.

The agency plans to continue improving Volunteer programming, training, and support through additional revisions and enhancements to technical training, an increase in Volunteer language testing at mid-service and close of service, the development of post-specific site development and Volunteer feedback policies and procedures, and new staffing investments at overseas posts to support site development, monitoring, and Volunteer support priorities.

Strategic partnerships and whole-of-government initiatives

Collaboration with other government agencies and strategic partners brings together a wide array of public and private sector actors to jointly tackle complex development challenges and is critical to advancing the Peace Corps mission. The Peace Corps actively participates in Presidential and whole-of-

government initiatives including the Energy and Climate Partnership of the Americas, Feed the Future, the Global Health Initiative, the President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative, and Saving Mothers, Giving Life. Through these mutually beneficial partnerships, the Peace Corps expands the reach of both its strategic partners and its Volunteers by leveraging training and programmatic resources and contributing to common development goals at the local level.

Moving forward, the agency will work to further strengthen its monitoring, reporting, and evaluation practices to effectively identify and share best practices, improve evidence-based performance management, demonstrate development impact, and ensure tangible improvements in the lives of individuals in the communities where Volunteers live and work. These measures will add significant value to the agency's strategic partnerships. The agency will continue to explore opportunities to expand new, highly specialized service models that demonstrate an effective use of partnerships and document sustainable development results. Strengthening and creating new strategic partnerships with diverse public and private sector actors will remain a key agency focus.

Secure and modern IT infrastructure and systems

The world is more interconnected than ever before, and modern and reliable IT systems are required for effective communication and collaboration for any organization, particularly one with a global reach like the Peace Corps. As the agency operates in many areas of the world with vulnerable IT infrastructures, operational challenges such as poor internet connections constrain the agency's ability to fully modernize its IT systems. The transition from aging legacy systems to new technologies is another complex undertaking that requires agency commitment and resources.

To develop a comprehensive strategy for addressing these challenges, the agency initiated an agencywide technology assessment of the Peace Corps' IT strategy and operations in FY 2014. The assessment is being conducted by a team of external experts and will identify how modifications to the agency's staffing structure, operations, and culture could contribute to the implementation of a new, forward-looking IT strategy for supporting staff and Volunteers with the most effective technology. The assessment team will also identify how best to align IT resource decisions with the new strategy.

The agency also continues to prioritize IT security to ensure the agency's information, operations, and assets are appropriately protected. In the past year, the agency successfully implemented a risk management framework and organization risk management board so that system security issues are correctly addressed at the agency's executive level. In FY 2015, the board will address security risks at the entity or business process levels. The agency also completed three of seven Federal Information Security Management Act (FISMA) inventory systems compliance reviews and audits. Moving forward, the agency will complete the four remaining FISMA reviews and move from a system-level security focus to enterprise risk management continuous monitoring and on-going assessment and authorization processes.

Staff turnover and loss of institutional memory resulting from the five-year rule

The five-year rule (FYR)—signed into law in 1965—limits the employment of Peace Corps U.S. direct hire staff to five-year appointments in an effort to ensure a constant influx of fresh ideas and innovation. However, the FYR also produces significant human capital and knowledge management challenges, including the loss of institutional memory. For the Peace Corps employees who have separated since FY 2012, the average tenure was an estimated 3.5 years. Excessive turnover limits the agency's ability to recruit and retain high-performing staff,

manage information and knowledge critical to the effective operation of the agency, and recruit individuals from highly specialized fields.

High staff turnover at the Peace Corps also has a significant financial cost. In a 2012 report on the effects of the FYR on agency operations, the Office of Inspector General (OIG) estimated that over a five-year period, excessive turnover due to the FYR resulted in between \$12.6 million and \$15.5 million out of \$20.7 million in total turnover management costs. In the estimate, OIG did not include costs that are likely significant but are more difficult to quantify, including the loss of expertise when staff leave, reductions in productivity, or gaps in institutional memory.

The agency has taken steps to mitigate the negative effects of the FYR such as implementing a change in policy to allow for 60-month appointments rather than 30-month appointments in an effort to attract and retain highly skilled professionals as well as other management reforms. The agency is considering pursuing legislative modifications to preserve, but modify, the five-year rule to address these major management challenges.

Analysis of Financial Statements

Overview of Financial Position

An unmodified (clean) audit opinion was achieved on the FY 2014 financial statements. This analysis presents a summary of the agency's financial position and results of operations, and addresses the relevance of major changes in the types and/or amounts of assets, liabilities, costs, and obligations. Overall, the funding position of the Peace Corps improved this year as the required sequestration budget cuts in effect in FY 2013 were not in place in FY 2014.

The Peace Corps' principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. Financial statements and notes are included in the Financial Section of this report.

Agency funds primarily consist of appropriated funding administered by the U.S. Department of Treasury and appropriated by Congress in the amount of \$379 million for FY 2014. This was an increase of \$23 million from the FY 2013 appropriation of slightly more than \$356 million. In FY 2014, Budgetary Resources were \$479.5 million which compares favorably with the \$447.8 million Budgetary Resources in FY 2013. Budgetary

Resources consist mainly of appropriated funds plus the available unobligated balance of prior year appropriated funds, recoveries of prior year obligations, and the spending authority from offsetting collections. (Offsetting collections are primarily the reimbursable work the agency performs on behalf of other federal agencies such as U.S. Agency for International Development and its \$16.9 million for the nation's Feed the Future, Global Education, and other initiatives).

The agency has two years in which to obligate appropriated funds and another five years in which to complete the payout process for those funds. The Peace Corps operates as one program with the single purpose of providing trained Volunteers to host countries to promote world peace and friendship. The agency enhances the use of performance and cost information in budgetary decision making through the Integrated Planning and Budget System, where posts and headquarters offices develop strategic plans and resource requests to execute goals, as well as the annual strategic review, which provides performance information as an input to the budget formulation process.

The following table provides a comparative summary of the major financial activities in FY 2014 and FY 2013.

Changes in Financial Position from FY 2013 to FY 2014		
(In Thousands)		
Net Financial Condition	FY 2014	FY 2013
Fund Balance with Treasury	\$ 211,369	\$ 188,687
Accounts Receivable	3,092	3,166
PP&E	34,556	29,987
Prepaid Volunteer Living Allowances	1,836	2,010
Other Assets	3,890	3,440
Total Assets	\$ 254,743	\$ 227,290
Accounts Payable	9,883	11,961
Employee Benefits	149,107	153,397
Unfunded FECA Liability	33,348	32,297
Unfunded Annual Leave	10,289	9,755
Other Employment Related	3,586	2,492
Non-Entity Funds	20,225	23,400
FSN and PSC Severance Liability	25,849	24,643
Other Liabilities	273	1,159
Total Liabilities	\$ 252,560	\$ 259,104
Unexpended Appropriations	158,343	129,818
Cumulative Results of Operations	(156,160)	(161,632)
Total Net Position	\$ 2,183	\$ (31,814)
Net Cost of Operations	\$ 354,462	\$ 371,842
Budgetary Resources	\$ 479,545	\$ 447,801

Analysis of Financial Results

ASSETS – WHAT WE OWN AND MANAGE.

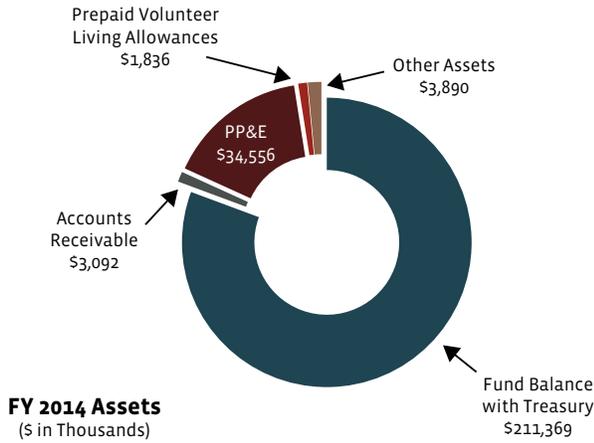
Assets are the amount of future economic benefits owned or managed by the Peace Corps to achieve its mission. Total Assets were \$254.7 million as of September 30, 2014 on the Balance Sheet. This represents an increase of \$27.4 million over the assets in FY 2013 of \$227.3 million. The primary reason for the increase in assets was due to an increase in the Fund Balance with Treasury because of the higher level of appropriation in FY 2014.

The most significant assets are the Fund Balance with Treasury and Property, Plant, and Equipment (PP&E) which represent 83 percent and 14 percent

as of September 30, 2014, respectively. The Fund Balance with Treasury consists of cash appropriated by Congress and held in U.S. Department of Treasury's accounts that are accessible by the Peace Corps to pay for agency obligations incurred. PP&E consists of tangible assets owned by the agency, reported by major class in detail in Note 5, General Property, Plant, and Equipment, Net.

The Fund Balance with Treasury at \$211.4 million in FY 2014 increased by \$22.7 million primarily due to a \$19 million rescission of appropriated funds in FY 2013 and a \$4 million increase in appropriated funding. PP&E increased by \$4.6 million as a result of newly acquired vehicles and IT hardware purchases.

Assets by type are shown in the chart below:



ENDING NET POSITION – WHAT WE HAVE DONE OVER TIME. Net Position represents the difference between the Assets and the Liabilities on the Balance Sheet. The agency’s Net Position increased in FY 2014 to \$2.2 million from its -\$31.8 million in FY 2013.

NET COST – RESULTS OF OPERATIONS. The Net Cost of Operations decreased in FY 2014 from the FY 2013 position of \$371.8 million to \$354.5. The decrease was due to lower rate of operating expenses for payroll and benefit costs.

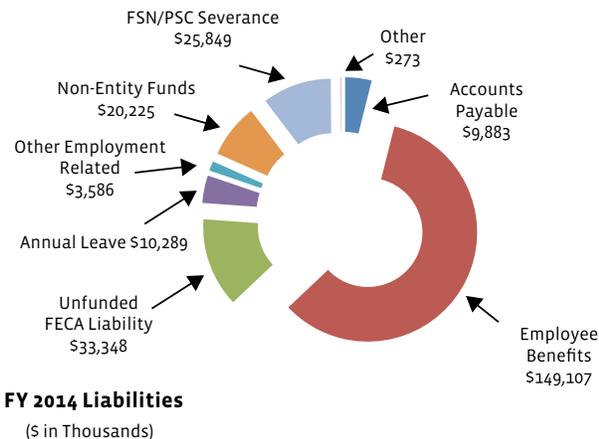
Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Peace Corps, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the entity’s books and records in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

LIABILITIES – WHAT WE OWE. Liabilities are the amounts owed by the Peace Corps.

As of September 30, 2014, total liabilities of \$252.6 million were shown on the Balance Sheet. This is a decrease of \$6.5 million from \$259.1 million in FY 2013. This decrease was primarily due to a \$4.3 million decrease in Federal Employee and Veterans Benefits and a \$3.2 million decrease in the Volunteer readjustment allowance.

Liabilities by type are shown in the chart below:



Analysis of Systems, Controls, and Legal Compliance

Management Assurances

This section addresses the Peace Corps' compliance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 (P. L. 97-255) and presents the financial management systems strategy and other controls.

Federal Managers' Financial Integrity Act

The FMFIA requires the heads of agencies to annually assess and report on the adequacy of internal controls that protect the integrity of federal programs. In accordance with FMFIA, agencies are required to establish accounting and administrative controls to include program, operational, and administrative areas, in addition to accounting and financial management, and requires standards to ensure the prompt resolution of all audit findings. The FMFIA requires reasonable assurances that (i) obligations and costs are in compliance with applicable law; (ii) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets. The agency's Qualified Assurance Statement on the adequacy of internal controls over financial reporting (FMFIA § 2) and on conformance of financial systems with governmentwide standards (FMFIA § 4) is shown below in the FY 2014 FMFIA Qualified Assurance Statement.

Internal Control Guidance

Guidance for implementing the FMFIA (31 U.S.C. 3512) is provided through OMB Circular A-123, Management's Responsibility for Internal Control, which further defines management's responsibility for internal control in federal agencies, including the

financial management systems. Within the agency, Peace Corps Manual Section 784, Internal Control System, sets out the policies and procedures for establishing, assessing, correcting, and reporting on internal control in order to achieve the objectives of effective and efficient operations; reliable financial reporting; and compliance with applicable laws and regulations. The safeguarding of assets is a subcomponent of each objective above.

Internal Control Operations

The agency achieved an unmodified (clean) audit opinion on the financial statements during the FY 2014 financial statement audit. Legal compliance was addressed through auditor testing of selected laws and regulations and no material weaknesses were identified. There were, though, three instances of noncompliance with laws and regulations identified and one nonconformance with financial management system requirements for the Federal Information Security Management Act of 2002. See Appendix 1.

The Peace Corps conducted its annual assessment on the adequacy of internal controls, and the FY 2014 Qualified Assurance Statement is supported by department and office heads assurance statements of compliance with effective internal controls throughout the agency as of September 30, 2014. Agency managers are responsible for designing, implementing, and monitoring internal controls (proper organization, policies, and procedures) in their areas. Monitoring the effectiveness of internal control occurs in the normal course of conducting agency business over the course of each year. Annual assurance statements are based on information gathered from various sources including the managers' personal knowledge of day-to-day operations and existing controls, self-assessments, senior leadership meetings, audits of financial statements, Inspector General audits, reports,

reviews, investigations, and evaluations. Agency managers' reasonable assurances of compliance are further supported by risk assessments performed by department and office heads, following reviews of operations in their area where no material weaknesses were identified. The FY 2014 risk assessments, however, did identify weaknesses of lesser severity than material weaknesses in a few areas and those are being monitored closely within the agency.

The material weakness in financial management analysis and reporting identified during the FY 2013 financial statement audit was resolved during this fiscal year. Two of the three significant deficiencies in internal control identified in that audit, however, were not resolved. Only the Accounts Payable Accrual Significant Deficiency was successfully resolved. The significant deficiencies that remain open are Property, Plant, and Equipment (Repeat Condition) and Information Technology Security (Repeat Condition). Resolution of the Property, Plant, and Equipment (PP&E) Significant Deficiency is expected during FY 2016 when full implementation of the newly acquired asset management system occurs. Information Technology Security corrective actions this year included securing a centrally located federal repository for Plan of Action and Milestones mitigation and purchasing AlienVault Security Information and Event Management (SIEM) solution for continuous monitoring of the EMA posts.

Overall, the agency's internal control program is designed to ensure compliance with the goals, objectives, and requirements of the FMFIA and other federal regulations.

Improper Payments Information Act

As a small agency with only one program, the Peace Corps has no activities that are risk-susceptible to the threshold amounts in OMB Circular A-123, Appendix C, Requirements for Effective Management and Remediation of Improper Payments. This

circular implements the requirements of the Improper Payments Elimination and Recovery Act of 2010 which amended the Improper Payments Information Act of 2002. Significant improper payments are defined as gross annual improper payments exceeding both 1.5 percent of program outlays and \$10 million of all program or activity made during the fiscal year reported or \$100 million (regardless of the improper payment percentage of total program outlays). While not rising to the level of the improper payment thresholds above, agency payments were reviewed during FY 2014 based on different dollar values, and those payments in the amount of \$250,000 and above were subjected to an extensive review through a semiannual system-generated report. Further, the Peace Corps is a full participant in the Treasury's "Do Not Pay" program operating through the Treasury Do Not Pay Business Center. Payees under consideration for payment are reviewed for eligibility through the pre-award component of the business center, then payments are re-verified in the pre-payment component, followed by post-payment data matching reviews.

Debt Management Controls

The Peace Corps manages a limited amount of debt under the provisions of the Debt Collection Improvement Act of 1996, OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables, the Controller Alert, Improving Collection of Delinquent Debt issued January 4, 2013, and other laws. During FY 2014, the agency wrote off delinquent debt older than two years in the amount of \$7.4 thousand and submitted quarterly reports through the Treasury Report on Receivables and Debt Collection.

Financial Management Systems Strategy

During FY 2014, Peace Corps upgraded and implemented a number of changes to its Oracle financial management system, Odyssey, required under Treasury's Governmentwide Accounting

Initiative. By FY 2015, Treasury's single data collection system will provide for more consistent and more complete financial data from all reporting agencies and will eliminate many manual reports. During the first phase, the agency converted to a monthly automated submission of the detailed trial balance to the Governmentwide Treasury Account Symbol Adjusted Trial Balance System, replacing the previous FACTS II (Federal Agencies' Centralized Trial-Balance System II) reporting. By the third quarter in FY 2014, the Peace Corps implemented changes to its processing of Collections and Intra-governmental Payment and Collection System charges to include all of the required data fields for Treasury's centralized reporting. Lastly, the agency converted its Treasury payment files to the new Payment Automation Manager System and implemented the required changes to the Secure Payment System. By the end of the fiscal year, the Peace Corps became a Treasury-certified full CARS (Central Accounting and Reporting System) reporter.

An upgrade to Hyperion Planning, the agency's budget formulation and analysis software application, was also completed in the third quarter of the fiscal year. The upgraded system is fully integrated with the agency's upgraded IT infrastructure components and expedites data entry and reporting.

During the fourth quarter of the fiscal year, the Peace Corps awarded a contract for the procurement

and implementation of a new asset management system. This new system will replace the current Bar Tracks system used by Peace Corps offices worldwide. This new system will eliminate manual asset input, provide better asset tracking, and create more functionality, including integration with the financial system Odyssey and with the Office of the Chief Information Officer's software tracking systems. The system implementation, which involves several organizations, is being coordinated by the Office of the Chief Financial Officer with a phased rollout expected in FY 2015.

Also in the fourth quarter of FY 2014, the agency signed an Interagency Agreement with its payroll service center, the National Finance Center, for the procurement and implementation of a new timekeeping system. The new system, WebTA, will track staff time related to capital projects and capture the associated payroll data in Odyssey, the financial system. WebTA is expected to be launched by the third quarter of FY 2015.

The financial systems changes put in place to become a CARS reporter and the implementation of the asset management and the timekeeping systems will strengthen financial reporting and internal control agencywide.

The FMFIA Qualified Management Assurance Statement that follows is consistent with the FY 2014 financial statement audit report.

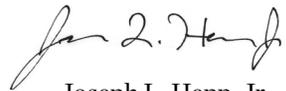
FY 2014 FMFIA Qualified Assurance Statement

The Peace Corps assessed the effectiveness of internal control to support effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations in accordance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 Section 2 and OMB Circular A-123. Based on this assessment, the Peace Corps can provide reasonable assurance for FY 2014 that its internal control over the effectiveness and efficiency of operations and financial reporting was operating effectively and no material weaknesses were found in the design or operation of the internal controls. Three instances, though, of noncompliance with applicable laws and regulations were identified.

The Peace Corps conducted its assessment of whether the financial management systems conform to governmentwide financial systems requirements in accordance with FMFIA Section 4. Based on this assessment, the Peace Corps can provide reasonable assurance that its financial management systems are in compliance with the applicable provisions of FMFIA Section 4 and OMB Circular A-123 for FY 2014 with the exception of one nonconformance for the Federal Information System Management Act of 2002 (FISMA). Details of the FISMA nonconformance are in Appendix I.



Carolyn Hessler-Radelet, Director
November 17, 2014



Joseph L. Hepp, Jr.
Chief Financial Officer
November 17, 2014

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Performance Section



Introduction

The Performance Section details the FY 2014 results of the 11 strategic objectives and the 26 performance goals in the FY 2014–18 Strategic Plan and FY 2014 Annual Performance Plan. This is the first year of agency operations under the new strategic plan. The FY 2014–18 Strategic Plan and FY 2014 Annual Performance Plan may be found at www.peacecorps.gov/strategicplan.

Verification and Validation of Performance Data

As stated in the Director’s Letter, the agency’s FY 2014 performance results are based on reliable and valid data that are complete as of the end of the fiscal year. Data collection and reporting consistency is ensured by the use of detailed performance goal data reference sheets, which include operational definitions, data sources, and a comprehensive methodology for measuring each performance indicator. The Peace Corps Office of Strategic Information, Research, and Planning reviews all performance data to ensure they are complete and accurate. Major data sources and verification and validation processes are described in detail in Appendix 2, Verification and Validation of Performance Data.

Strategic Plan Framework

The FY 2014–18 Strategic Plan includes the long-range goals and objectives designed to advance the

Peace Corps mission. The accompanying FY 2014 Annual Performance Plan lays out the strategies and activities the agency utilizes to accomplish these goals and objectives as well as the specific results the agency expects to achieve over time.

The FY 2014–18 Strategic Plan and FY 2014 Annual Performance Plan include the following components:

- **Strategic Goals** reflect the broad, long-term outcomes the agency works toward to achieve the Peace Corps mission of world peace and friendship.
- **Strategic Objectives** express the specific areas the agency will prioritize to achieve the strategic goals. Strategic objectives may support multiple strategic goals.
- **Strategies and Activities** include the actions the agency intends to take to meet agency goals and objectives.
- **Performance Goals** state a quantitative level of performance, or “target,” to be accomplished within a specific timeframe.
- **Lead Offices** are responsible for coordinating agencywide efforts to develop, implement, and report on plans to achieve each performance goal.

Strategic Goals

The Peace Corps' three strategic goals are based on the three core goals outlined in the Peace Corps Act (1961). Each of the strategic goals is supported by several strategic objectives as shown below:

Strategic Objectives	Strategic Goal 1: Building Local Capacity	Strategic Goal 2: Sharing America with the World	Strategic Goal 3: Bringing the World Back Home
1. Volunteer Well-Being	X	X	X
2. Service Opportunity of Choice	X	X	X
3. Development Impact	X	X	
4. Cross-Cultural Understanding	X	X	X
5. Continuation of Service			X
6. Diversity and Inclusion	X	X	X
7. Site Development	X	X	
8. Train-Up	X	X	
9. High-Performing Learning Organization	X	X	X
10. Global Connectivity	X	X	X
11. Measurement for Results	X	X	X

Performance Results by Strategic Objective

Legend

The following legend details the key symbols used in the Performance Section.

Strategic Objective Status:

Noteworthy progress	The agency is on track to achieve the strategic objective. Strategies and activities have been executed on schedule, and there is evidence to suggest they are leading to the desired outcomes. Performance goal targets have either been met or are expected to be met in the future as the result of planned strategies.
Area for improvement	An increased focus is needed by the agency to improve performance on the strategic objective. Some strategies and activities may have been executed, but more progress is needed to advance the strategic objective. Additional data may be needed to better understand performance.

Performance Goal Targets:

✓	Target met
✗	Target not met
No target set	The agency did not set FY 2014 targets for performance goals measured by new data sources. New data sources include the Global Counterpart Survey, the Host Country Staff Survey, and elements of the Volunteer Reporting Tool and the Annual Volunteer Survey (AVS). Data collected in FY 2014 from these new sources were used to develop targets for future years.

<p>Strategic Objective 1: Volunteer Well-Being</p> <p><i>Enhance the safety, security, and health of Volunteers through rigorous prevention and response systems and high-quality medical and mental health services (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>FY 2014 Status</p> <p>Noteworthy progress</p>
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Volunteers serve in local communities often under hardship conditions where the health care infrastructure and security environments differ from those of the United States. The Peace Corps develops rigorous prevention and response systems and services to support the safety, security, and physical and emotional health of Volunteers.

The agency has implemented several critical reforms to ensure the optimal safety, security, and health of Volunteers. The agency will evaluate the effectiveness of these reforms by exploring new methods for measuring Volunteer well-being in future years.

Key Strategies and Activities:

- Finalize implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011:** The agency continued to move toward full implementation of the Act. Activity in FY 2014 included continuing implementation of the Sexual Assault Risk Reduction and Response (SARRR) program. Staff who provide support to victims of crime have completed mandatory SARRR training, and sexual assault response liaisons at all posts have been trained. Additional information may be found at www.peacecorps.gov/volunteer/learn/safety/support/puzey/.
- Improve pre-service training sessions:** The agency updated pre-service training sessions on mitigating risks and maintaining physical and emotional health to meet the agency’s global learning standards.
- Implement the electronic medical records system:** The agency began implementation of the new electronic medical records system and initiated Peace Corps medical officer training. When fully operational, the new system will streamline procurement of medical supplies, provide real-time medical information, and allow Volunteers to communicate with health-care professionals and provide feedback through a portal.

Performance Goal Results:

<p>Performance Goal 1.1: Implement Critical Safety and Security Recommendations</p> <p><i>Increase the percentage of critical Volunteer safety and security recommendations implemented by the agreed upon time to 90 percent by FY 2015</i></p>	<p>FY 2014 Target</p> <p>X</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	100%	100%	85%	88%	88%	--
Result	56%	79%	75%	84%	67%	

Analysis: The agency implemented 107 of 159 (67 percent) critical safety and security recommendations. Challenges to meeting this performance goal include determining the appropriate definition for what constitutes a “critical” recommendation leading to improved Volunteer safety, as well as the lack of a centralized data management system to store data related to critical recommendations. While the implementation of critical safety and security recommendations will continue to be an activity undertaken to improve safety and security systems at overseas posts, the agency is in the process of developing a new

41

Number of posts that had their safety and security systems reviewed during FY 2014.

performance goal that will more directly measure Volunteer safety and security outcomes. The proposed new measure will include Volunteer perceptions of their safety and security in addition to data on reported incidents of crime against Volunteers. The agency expects to utilize the new

performance goal beginning in FY 2016. In the interim, the agency will measure Volunteer safety and security through an AVS measure related to Volunteer satisfaction with safety and security support in FY 2015.

Data Source: Peace Corps administrative records
Lead Office: Office of Global Operations

<p>Performance Goal 1.2: Volunteer Satisfaction with Medical and Mental Health Support</p> <p><i>Reduce the percentage of Volunteers dissatisfied¹ with medical and mental health support to 7.0 percent by FY 2016</i></p>	<p>FY 2014 Target</p> <p>X</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	8.2%	7.2%
Result ²	7.0%	7.0%	7.4%	9.2%	8.6%	

¹ Includes the bottom two negative response options on a five-point scale. In FY 2014, the agency redesigned the Annual Volunteer Survey (AVS) questionnaire. As part of the redesign, the response scales for a number of questions were changed from an unbalanced to a balanced format where there are an equal number of positive and negative categories on the response scale. The decision to use balanced scales was made in order to improve the quality of AVS responses by making the positive, neutral, and negative options more clear for respondents. For this performance goal, the bottom two negative response options on the five-point scale were changed from “Minimally/Not at All” to “Dissatisfied/Very Dissatisfied.”

² Due to the improvements to the AVS in FY 2014, including modifying the response scales (described above) and reducing the length of the questionnaire by half, results from FY 2010–13 (shaded in grey) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 and beyond will be possible. Additional information on the effects of the AVS changes on performance results may be found in Appendix 2, Verification and Validation of Performance Data.

Analysis: While the target was not met, the difference between the FY 2014 result and target is not of practical significance. Additionally, the result may have been influenced by improvements to the AVS in FY 2014. The Peace Corps provides direct medical care for its Volunteers, and several factors may contribute to patient satisfaction, including satisfaction with Peace Corps medical officers (PCMO), disease incidence, the quality of local providers, and medical facilities. The agency works to improve Volunteer health outcomes and

satisfaction with medical and mental health support by strengthening PCMO support, ensuring vacant PCMO positions are filled in a timely manner, providing continuous education for medical staff, improving Volunteer training on maintaining physical and emotional health, and focusing on quality improvement.

Data Source: Annual Volunteer Survey
Lead Office: Office of Health Services

<p>Strategic Objective 2: Service Opportunity of Choice</p> <p><i>Position the Peace Corps as the top choice for talented Americans interested in service by reaching a new generation of potential Volunteers and streamlining the application process (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>FY 2014 Status</p> <p>Noteworthy progress</p>
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For over 50 years, the Peace Corps has been a top choice for talented Americans interested in service. However, individuals now have a growing range of international service opportunities from which to choose. To address this challenge, the Peace Corps has transformed its application and selection process to open service opportunities to a new generation of Volunteers.

The agency made significant improvements to the application process in the second half of the fiscal year. While performance goal targets were not met, the agency expects the gains achieved in FY 2014 to continue into the next year and beyond.

Key Strategies and Activities:

- **Modernize and streamline the application process:** As a result of changes to the application process, applicants can now choose the programs and countries to which they would like to apply. The application is also significantly shorter (reduced from eight hours required to complete an application to one hour). Additionally, applicants have more information on when they can expect to receive an invitation for service.
- **Conduct market research on core prospects and their primary influencers:** The agency is in the process of conducting a market research project to better understand the brand and value of the Peace Corps from the perspectives of core prospects (18- to 26-year-olds), future prospects (15- to 17-year-olds), and their primary

influencers (e.g., family and friends). The agency has completed its review of research related to millennials and is in the process of fielding an omnibus survey and qualitative testing. The research project will conclude by the end of the calendar year and will inform marketing and recruitment strategies.

- **Engage in proactive recruitment and invest in additional staff:** To meet aggressive targets to increase the number of applications received for Volunteer service, the agency has adopted a more proactive approach to recruitment and increased recruitment and placement staff by over 50 percent. The agency recently kicked off an ongoing, agencywide effort to call over 100,000 prospective applicants. In the past, the agency did not have sufficient staffing resources to directly follow-up with so many prospects.

Performance Goal Results:

<p>Performance Goal 2.1: Volunteer Requests Met</p> <p><i>Field 100 percent of the Volunteers requested by overseas posts each year</i></p>	<p>FY 2014 Target</p> <p>X</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	95%	95%	95%	100%	100%
Result	101%	97%	97%	90%	98%	

Analysis: The agency fielded 3,485 of the 3,554 Volunteers requested by posts last year. As the time from applying to the Peace Corps to entering on duty

as a Volunteer typically takes over a year, the agency did not meet the target largely due the low number of applications received in FY 2012–13. The greater

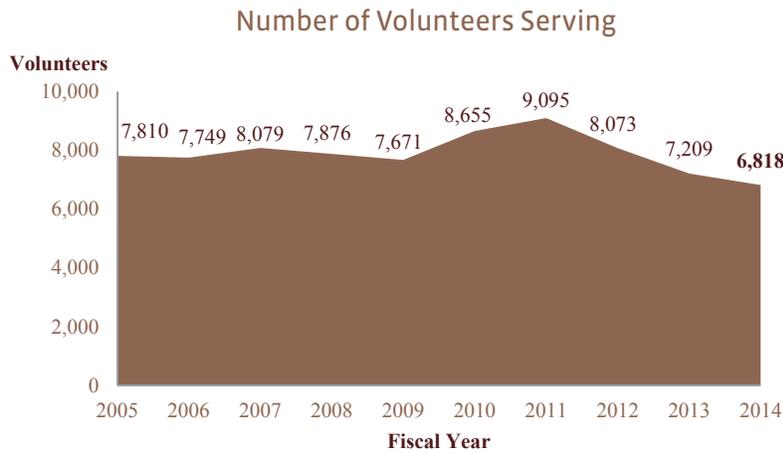
number of applications in FY 2014, as well as agency plans to implement a waitlist system, will increase the percentage of requests for Volunteers met next year and beyond.

Data Source: Peace Corps database
Lead Office: Office of Volunteer Recruitment and Selection

Top 5 Posts By Number of Volunteers Who Entered Service	
Ethiopia	133
Zambia	120
Senegal	116
Morocco	104
Paraguay	101

<p>Performance Goal 2.2: Increase Service Opportunities</p> <p><i>Increase the number of Volunteers serving annually to 10,000 by FY 2018</i></p>	<p>FY 2014 Target</p> <p>X</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	7,600	8,200
Result	8,655	9,095	8,073	7,209	6,818	



Analysis: Prior to the suspension of the programs in Ukraine and Kenya due to security concerns as well as the temporary removal of Volunteers in Guinea, Liberia, and Sierra Leone due to the Ebola outbreak, the agency was on track to maintain the FY 2013 number of Volunteers serving. The agency plans to return to each of these countries as conditions on the ground improve. In FY 2014, the agency entered Kosovo for the first time and restarted the previously

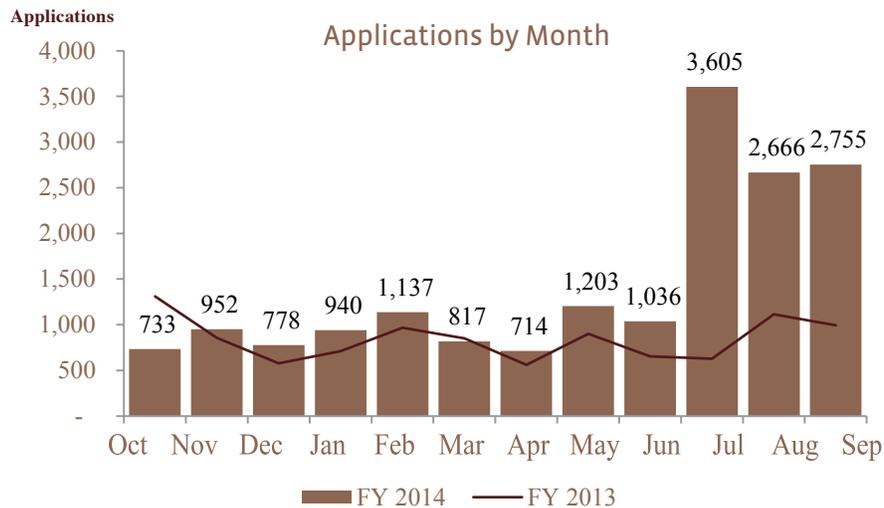
suspended program in Mali. The Peace Corps is planning to increase its presence around the world by opening or reopening programs in Burma, Comoros, and Timor Leste, and increasing Volunteer numbers in existing programs.

Data Source: Peace Corps database
Lead Office: Office of Global Operations

<p>Performance Goal 2.3: Increase Applications</p> <p><i>Increase applications for Volunteer service to 25,000 by FY 2018</i></p>	<p>FY 2014 Target</p> <p>X</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	20,000	22,000
Result	13,430	12,206	10,091	10,118	17,336 ¹	

¹ The definition of an application for Volunteer service was modified in FY 2014—results for FY 2010–13 are reported using the previous definition. The agency received 15,404 applications in FY 2014 as measured by the previous definition. Under the new definition, an “application” occurs when a qualified U.S. citizen submits a completed application for either the two-year Peace Corps Volunteer program or the short-term Peace Corps Response program. The previous definition did not include Peace Corps Response and required that individuals submit both the application and health history form. Under the new definition, the agency received 19,151 applications in FY 2014. For comparison to the FY 2014 target, only applications from the two-year program (17,336) are reported in FY 2014. Future performance targets will be set based on this new definition which includes applications from both the two-year program and the Peace Corps Response program.



Analysis: While the target was not met, the agency expects the strategies implemented in late FY 2014 to continue producing positive results in future years. After the modifications to the application process in July 2014, the agency saw a dramatic increase in the number of applications received—from July to September of this year, the agency saw an over 200 percent increase in applications over the same period last year, leading to a 22-year high in the number of applications received in FY 2014. Future plans to

expand marketing and recruitment activities will sustain this growth and lead to the achievement of this performance goal over time.

Data Source: Peace Corps database
Lead Office: Office of Volunteer Recruitment and Selection

<p>Performance Goal 2.4: Reduce Time from Application to Invitation</p> <p><i>Reduce the median time from application to invitation to no more than 3 months by FY 2016</i></p>	<p>FY 2014 Target</p> <p>X</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target		--	--	--	5 months	4 months
Result		10 months	11 months	6 months ¹	7 months	

¹ In FY 2013, the application and medical review processes were modified; invitations are now offered prior to medical clearance. This resulted in a reduction of the median time from application to invitation.

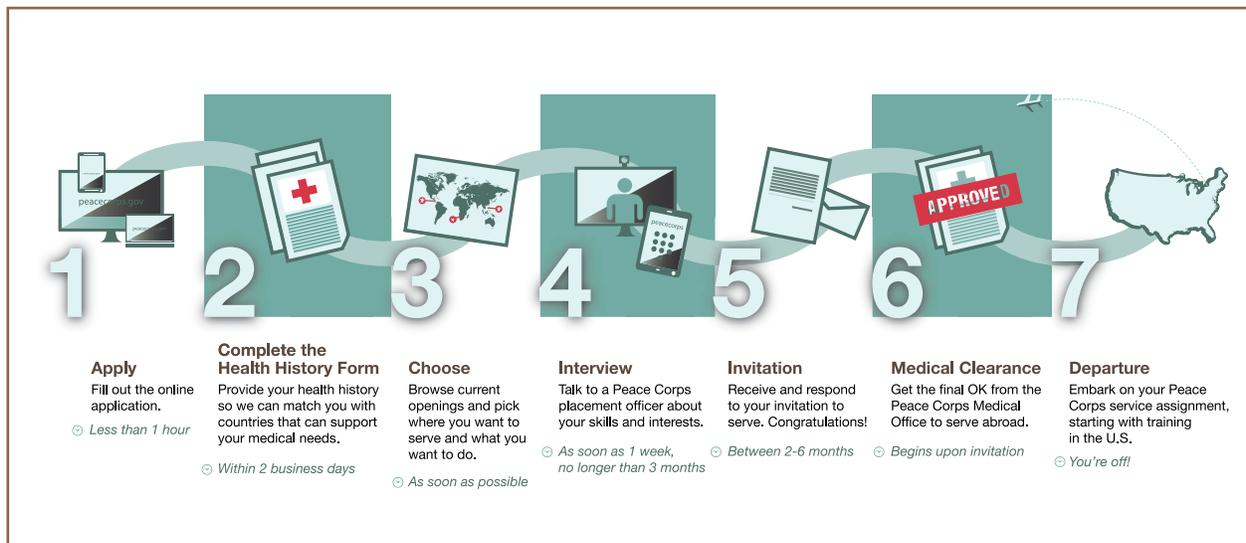
Analysis: Results for this performance goal are expected to lag behind other indicators of the Volunteer recruitment and selection process as individuals who applied under the previous application process continue to move through the system. The development of quarterly application deadlines to rank and pool candidates, the increase in recruitment and placement staff, and the reduction

in the time required to complete the application are expected to reduce wait times in the future.

Data Source: Peace Corps database

Lead Office: Office of Volunteer Recruitment and Selection

Application Process



<p style="text-align: center;">Strategic Objective 3: Development Impact</p> <p style="text-align: center;"><i>Advance community-based development by strengthening the capacity of local individuals and communities, focusing on highly effective technical interventions, and leveraging strategic partnerships (Supports Strategic Goals 1 and 2)</i></p>	<p style="text-align: center;">FY 2014 Status</p> <p style="text-align: center;">Area for improvement</p>
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The Peace Corps contributes to local development outcomes and strengthens local capacity by implementing Volunteer projects that utilize technical interventions proven to be successful. The agency also partners with other U.S. government, nongovernmental, and private sector development organizations to enhance Volunteers' impact through knowledge, skill, and resource sharing.

The Peace Corps is in the process of significantly enhancing its ability to measure the development impact of Volunteers. However, more data are needed to fully understand if the agency's strategies for supporting and enhancing Volunteers' development work are leading to gains in local development outcomes.

Key Strategies and Activities¹:

- Revise Volunteer project frameworks:** The agency completed the major revisions to project frameworks for all Volunteer projects in FY 2013 and continued to update frameworks as needed in FY 2014. Project frameworks include the goals the Volunteers are working toward, recommended activities for achieving those goals, and indicators of success. This multiyear effort is in response to a recommendation in the 2010 Comprehensive Agency Assessment (http://files.peacecorps.gov/multimedia/pdf/opengov/PC_Comprehensive_Agency_Assessment.pdf) to focus Volunteer projects on a discrete set of interventions proven to be successful when executed by Volunteers.
- Actively participate in Presidential and whole-of-government initiatives:** Due to the placement, intercultural, and language skills of Peace Corps Volunteers, they are well-positioned to expand the reach of major development

initiatives in local communities. Volunteers work on projects related to several Presidential and whole-of-government initiatives, including the Energy and Climate Partnership of the Americas; Feed the Future; the Global Health Initiative; the President's Emergency Plan for AIDS Relief (PEPFAR); the President's Malaria Initiative; and Saving Mothers, Giving Life.

- Modify guidelines for feedback to Volunteers:** The agency recognizes the critical importance of providing timely and quality feedback to Volunteers on their work to ensure that they benefit from the expertise of staff and the best practices of other Volunteers. The agency now has regional standards in place for the timeliness and frequency required for providing this feedback. Posts are also in the process of adding dedicated staff positions, which will include a focus on improving the feedback provided to Volunteers on their work, to strengthen the support provided to Volunteers.

¹ Volunteer activities related to the achievement of Strategic Objective 3: Development Impact may be found in the Work of the Volunteers Section.

Performance Goal Results:

<p>Performance Goal 3.1: Advance Community-Based Development Outcomes</p> <p><i>Increase the percentage of projects with documented gains on community-based development outcomes</i></p>	<p>FY 2014 Target</p> <p>No target set</p>
--	---

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	No target set; Baseline data collection	No target set; Baseline data collection
Result ¹	--	--	--	--	61%	

¹ FY 2014 results are preliminary and will be updated with the FY 2016 Annual Performance Plan to be issued with the FY 2016 Congressional Budget Justification in February 2015.

Analysis: This performance goal is measured by data collected by Volunteers on their activities related to 19 standard sector indicators that represent Volunteer achievement across the Peace Corps’ six programmatic sectors. The result represents the percentage of projects that met two thresholds—a minimum percentage of Volunteers reporting on an indicator and a minimum percentage of annual targets met in the project framework. As Volunteer projects and activities vary at each post, not all Volunteers report on these indicators. However, the

results represent Volunteer work at the majority of posts; Volunteers at 52 posts working in 103 projects reported on at least one of these standard sector indicators in FY 2014. This was a new performance goal in FY 2014, and the agency will continue to collect baseline data in FY 2015 to ensure adequate data for the development of future year targets.

Data Source: Volunteer Reporting Tool
Lead Office: Office of Global Operations

Examples of Standard Sector Indicators

Programmatic Sector	Standard Sector Indicator
Education	Improved English Teaching Methodology
Health	Youth adopting healthy sexual behavior
Environment	Improved Community Environmental Action
Community Economic Development	Improved project design and management in local organizations
Youth in Development	Developed Life Skills in Youth: Decision-making and Critical thinking
Agriculture	Adoption of new technologies and practices in agriculture

<p>Performance Goal 3.2: Strengthen Local Capacity</p> <p><i>Increase the percentage of projects with documented gains in the capacity of host country individuals</i></p>	<p>FY 2014 Target</p> <p>No target set</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	No target set; Baseline data collection	No target set; Baseline data collection
Result	--	--	--	--	--	

Analysis: The agency launched its first agencywide survey of counterparts in FY 2014, reaching 1,436 out of an estimated 5,800 counterparts (approximately 25 percent). The survey was launched mid-year, and the percentage of surveyed counterparts is not sufficient to draw conclusions globally. As a result, the agency will continue to collect baseline data in FY 2015 to develop targets for future years. Although the agency does not yet have sufficient data at the global-level, data collected in FY 2014 does provide evidence of the influence of Volunteers at the three posts that achieved a response rate of over 90 percent: Azerbaijan, Macedonia, and Ukraine.

More than eight out of ten counterparts (from 82 to 87 percent) surveyed in these three countries responded that either their capacity or the capacity of their organization was strengthened as the result of working with a Volunteer. The agency will continue to work with posts as they field the Global Counterpart Survey in FY 2015 and beyond to ensure results are globally representative to inform targets for future years.

Data Source: Global Counterpart Survey
Lead Office: Office of Global Operations

Counterparts in these countries say the most important contributions of Volunteers are:



Ukraine

- Increasing capacity in their primary project sector
- Increasing confidence and leadership
- Leading classes and workshops



Macedonia

- Improved English skills
- Increasing capacity in their primary project sector
- Creating new materials and resources



Azerbaijan

- Increasing capacity in their primary project sector
- Improved English skills
- Creating new materials and resources

<p>Performance Goal 3.3: Improve Feedback to Volunteers</p> <p><i>Increase the percentage of Volunteers satisfied¹ with the timeliness and quality of feedback provided on their work to 72 percent by FY 2018</i></p>	<p>FY 2014 Target</p> <p>✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	40% ²	60%
Result ³	35%	39%	33%	38%	55%	

¹ Includes the top two positive response options on a five-point scale.

² The FY 2014 target for this performance goal was based on FY 2010–13 results from a proxy measure from the AVS: “How satisfied are you with the following support provided by in-country Peace Corps staff: Feedback on my work reports.” Two new questions were introduced in the AVS to measure this performance goal in FY 2014 and beyond.

³ In FY 2014, the agency redesigned the AVS questionnaire. As part of the redesign, the response scales for a number of questions were changed from an unbalanced to a balanced format where there are an equal number of positive and negative categories on the response scale. The decision to use balanced scales was made in order to improve the quality of AVS responses by making the positive, neutral, and negative options more clear for respondents. The length of the questionnaire was also reduced by half. Due to the improvements to the AVS, as well as the use of a new question to measure this performance goal, results from the proxy measure in FY 2010–13 (shaded in grey) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparisons of results from FY 2014 and beyond will be possible. Future year targets have been adjusted based on the FY 2014 result. Additional information on the effects of the AVS changes on performance results may be found in Appendix 2, Verification and Validation of Performance Data.

Analysis: The target was met in FY 2014. However, the achievement may have been due to measurement changes resulting from improvements to the AVS in FY 2014. Targets for FY 2015 and future years have been adjusted upward based on the FY 2014 result. This performance goal measures the percentage of Volunteers satisfied with both the timeliness and quality of feedback provided by Peace Corps staff. When analyzed separately, Volunteers are slightly more satisfied with the quality of feedback (67 percent) than with the timeliness of feedback (64 percent). Additionally, Volunteers in each

sector rated the timeliness and quality of feedback differently. Volunteers in the Community Economic Development and Youth in Development sectors rated the timeliness and quality of feedback the highest (62 percent and 60 percent, respectively) followed by Agriculture (59 percent), Education (57 percent), Environment (56 percent), and Health (49 percent).

Data Source: Annual Volunteer Survey
Lead Office: Office of Global Operations

<p style="text-align: center;">Strategic Objective 4: Cross-Cultural Understanding</p> <p style="text-align: center;"><i>Build a deeper understanding of other cultures by developing long-lasting connections between American and host country individuals and communities (Supports Strategic Goals 1, 2, and 3)</i></p>	<p style="text-align: center;">FY 2014 Status</p> <p style="text-align: center;">Area for improvement</p>
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Volunteers advance cultural understanding between the United States and the communities where they serve by living and working among local people and by sharing their experiences with family, friends, and colleagues when they return home. To enhance the Volunteers' work to build cultural understanding, the agency provides Volunteers with training and tools to thrive in host country cultures and encourages them to use modern technology to connect host country and American people in meaningful conversations that lead to strong and sustained relationships.

Volunteers serve as cultural ambassadors between host countries and the United States—promoting mutual understanding among peoples through daily interactions and the use of new technology. However, to reach Volunteers' full potential for contributing to local development and cross-cultural understanding, more progress is needed in providing training and resources to Volunteers and staff on recent advances in intercultural competence.

Key Strategies and Activities¹:

- **Develop intercultural competence training and tools:** The agency is in the beginning stages of the development of new mechanisms to build and measure the intercultural competence of staff and Volunteers. Intercultural competence is the knowledge, skills, and attitudes necessary to communicate effectively and appropriately with people from other cultures. In FY 2014, the agency developed and piloted an online training for use by staff in managing cultural differences. In FY 2015, the agency will focus on rolling out the new online training for both staff and Volunteers and will conduct market research to identify appropriate tools to measure the intercultural competence of staff and Volunteers.
- **Increase the use of social media and other technology to promote cross-cultural understanding:** Volunteers regularly use social media and other technology to connect with local partners, other Volunteers, and family and friends back home. The Peace Corps contributes to this through agency-supported social media sites as well as special programs designed to encourage cultural education and understanding. The second annual Blog It Home Competition is one example. Through the program, nine top Volunteer bloggers (from among more than 350 Volunteers from 60 countries) were selected and recognized for how they use their blogs to increase cultural understanding. Twenty finalists were featured on the Peace Corps' Facebook page (www.facebook.com/peacecorps) and voted on by the public. The competition reached more than 420,000 people on Facebook and received over 11,000 votes.

¹ Volunteer activities related to the achievement of Strategic Objective 4: Cross-Cultural Understanding may be found in the Work of the Volunteers Section.

Performance Goal Results:

<p>Performance Goal 4.1: Greater Understanding of Americans <i>Increase the percentage of counterparts who report a greater understanding of Americans after working with a Volunteer</i></p>	<p>FY 2014 Target No target set</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	No target set; Baseline data collection	No target set; Baseline data collection
Result	--	--	--	--	--	

Analysis: This performance goal is measured through the Global Counterpart Survey—first launched in FY2014. As the percentage of surveyed counterparts (approximately 25 percent) is not sufficient to draw conclusions globally, the agency will continue to collect baseline data in FY 2015 to develop targets for future years. While results are not available at the global-level, data collected in FY 2014 from the three posts that achieved a response rate of over 90 percent (Azerbaijan, Macedonia, and Ukraine) provides an indication of the influence of Volunteers on counterparts’

understanding of Americans. The vast majority of counterparts surveyed in these three countries (from 87 to 100 percent) reported a greater understanding of Americans after working with a Volunteer. The agency will continue to work with posts as they field the Global Counterpart Survey in FY 2015 and beyond to ensure results are globally representative to inform targets for future years.

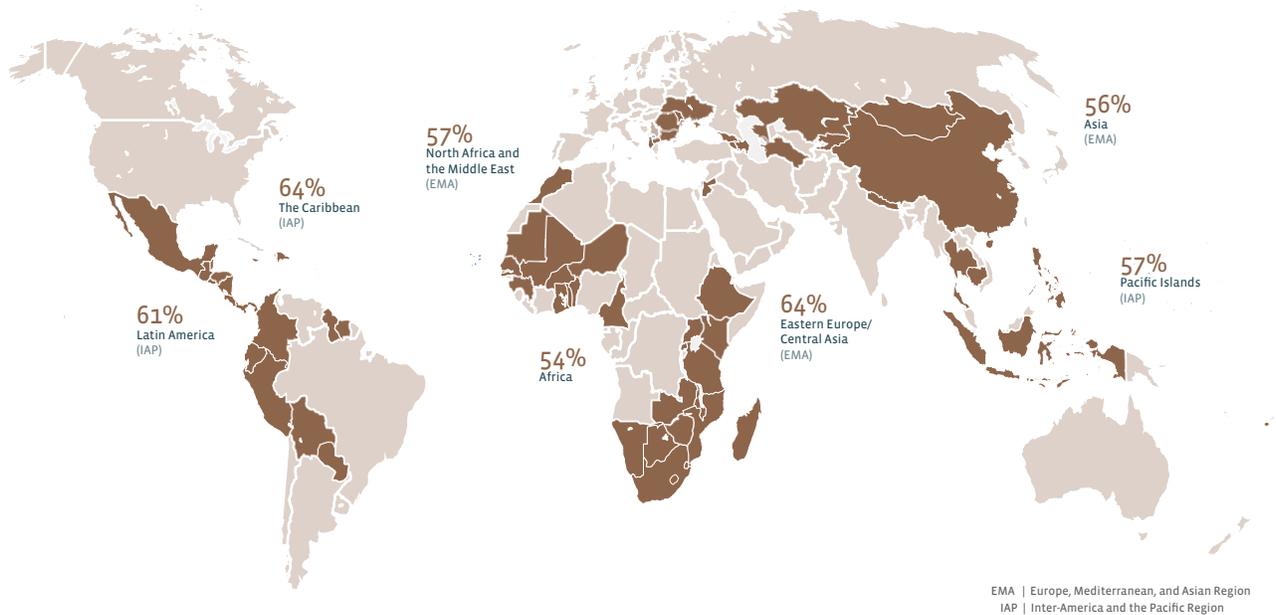
Data Source: Global Counterpart Survey
Lead Office: Office of Global Operations

<p>Performance Goal 4.2: Increase Cross-Cultural Connections <i>Increase the percentage of Volunteers who report they facilitated direct interactions between American and host country individuals and communities to 62 percent by FY 2016</i></p>	<p>FY 2014 Target No target set</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	No target set; Baseline data collection	60%
Result	--	--	--	--	57%	

Volunteers who report they facilitated direct interactions between American and host country individuals and communities

Percent of 2014 Annual Volunteer Survey Respondents who facilitated Cross-Cultural Connections



Analysis: This performance goal captures Volunteers’ work to facilitate direct in-person and virtual interactions between Americans and host country peoples through participation in match programs, social media, in-person visits, web conferences, and other mechanisms. This question was included in the Annual Volunteer Survey for the first time in FY 2014. Initial analysis of survey results suggests that the longer that a Volunteer serves the more likely they are to facilitate interactions between Americans and host country individuals and communities. While nearly one-third of Volunteers (32 percent) facilitated such interactions in the first

three months of their service, seven in ten Volunteers (70 percent) did so in their last three months. Volunteer language ability may be another factor. Regardless of how long they have served, two-thirds of Volunteers (66 percent) who felt that they spoke the local language well, facilitated direct interactions compared to 45 percent of those who felt they spoke the language poorly.

Data Source: Annual Volunteer Survey

Lead Office: Office of Overseas Programming and Training Support, Office of Third Goal and Returned Volunteer Services

<p>Strategic Objective 5: Continuation of Service</p> <p><i>Support returned Volunteers’ continuation of service by fostering a vibrant alumni network, providing tools and resources to ease their transition after service, and offering opportunities for them to share their experiences (Supports Strategic Goal 3)</i></p>	<p>FY 2014 Status</p> <p>Noteworthy progress</p>
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The more than 215,000 Americans who have served as Volunteers since 1961 represent a significant community of skilled and dedicated individuals who continue serving the American public and the overseas communities where they lived and worked long after they return home. The agency prepares returned Volunteers (RPCVs) to be active contributors to the Peace Corps mission on an ongoing basis by offering career and other transition services and providing opportunities for them to share their experiences with the American public.

In FY 2014, the agency continued to improve the career services provided to RPCVs and to strengthen relationships with independent RPCV groups to advance the Peace Corps mission and support returned Volunteers. Planned improvements to data collection and an expansion of RPCV speaking opportunities is expected to lead to continued gains in performance in future years.

Key Strategies and Activities:

- **Expand RPCV career services through improved online resources:** The agency launched a major revision to the RPCV section of the Peace Corps website in FY 2014 (<http://www.peacecorps.gov/resources/returned/home/>). The revised page features an RPCV Virtual Career Center, a “Bring the World Home” section with resources to help RPCVs share their story, and a section with information on how to connect with other returned Volunteers.
- **Actively promote the noncompetitive eligibility of RPCVs:** The agency regularly works with federal employers to promote the benefits of using noncompetitive eligibility to hire Peace Corps staff and RPCVs. In FY 2014, the agency held a noncompetitive hiring event at the Department of

Transportation that included participants from the Department of Housing and Urban Development and the Department of Energy.

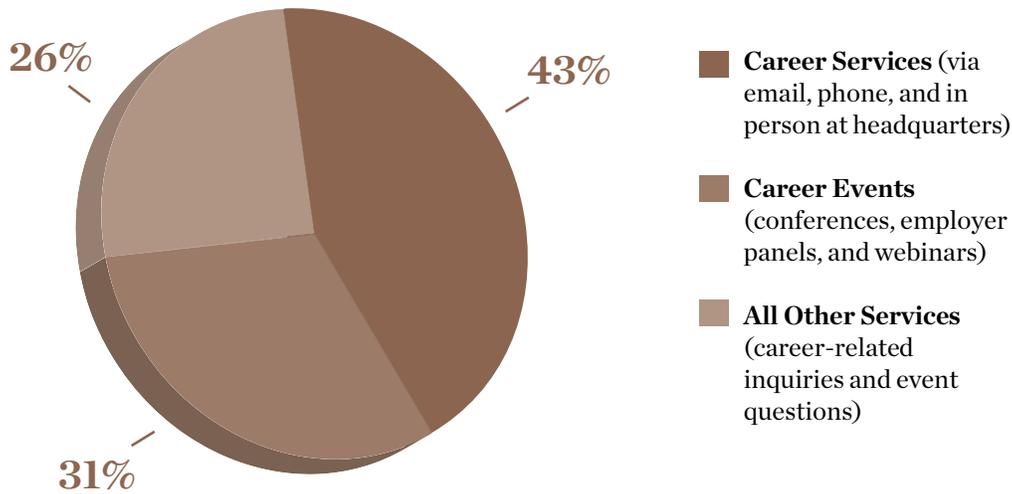
- **Gather regular feedback from RPCVs and improve contact information:** The agency made progress in both improving RPCV contact information and systematically gathering feedback from RPCVs. Through a direct mail campaign, the agency collected an additional 7,000 valid email addresses for RPCVs, for a total of approximately 50,000 valid RPCV emails. The agency also began developing an RPCV survey to gather feedback on the agency’s RPCV services as well as information on how RPCVs are continuing to contribute to the Peace Corps mission long after their service. The agency expects to launch the new survey in FY 2015.

Performance Goal Results:

<p align="center">Performance Goal 5.1: Support RPCV Career Transition</p> <p align="center"><i>Increase the number of returned Volunteers who access Peace Corps' career services to 3,000 by FY 2016</i></p>	<p>FY 2014 Target</p> <p align="center">✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	2,500	2,750
Result	--	--	--	--	2,649	

Agency-supported Returned Volunteer Services by Type of Interaction



Analysis: Based on the assumption that the target audience for the Peace Corps' career services is recently returned Volunteers, the FY 2014 target was set to reach a significant percentage of the number of Volunteers who complete service each year (an average of 3,500 each year from FY 2010–13). Reliable RPCV registration information for career services for previous years was not available. The career services measured by

this performance goal include: career conferences and fairs, employer panels, employer information sessions, career-focused webinars, résumé reviews, mock interviews, and career services provided at headquarters and regional recruitment offices.

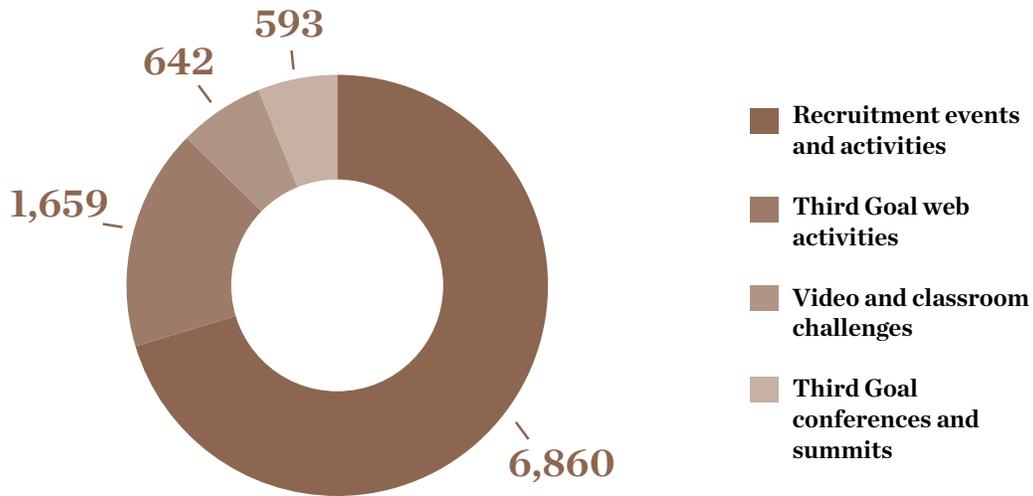
Data Source: Peace Corps administrative records

Lead Office: Office of Third Goal and Returned Volunteer Services

<p>Performance Goal 5.2: Increase RPCV Engagement</p> <p><i>Increase the number of returned Volunteers who participate in agency-supported Third Goal activities to 16,000 by FY 2018</i></p>	<p>FY 2014 Target</p> <p>✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	8,000	10,000
Result	--	--	--	--	9,754	

Returned Volunteer Engagement in Agency-supported Activities



Analysis: This performance goal measures RPCV participation in agency-supported activities to increase Americans’ awareness and knowledge of other cultures, including the Coverdell World Wide Schools Speaker’s Match program, Peace Corps Week, Third Goal conferences and summits, and recruitment events. The agency began collecting this information in FY 2014; the target for this year was based on an estimate from a previous indicator that measured RPCV participation in both career events and Third Goal activities. Of the RPCVs who participated in agency-supported activities in

FY 2014, 70 percent spoke at recruitment events, 17 percent participated in events through the Peace Corps website including Peace Corps Week, 7 percent participated in video and classroom challenges, and 6 percent participated in Third Goal conferences, summits, and other events.

Data Source: Peace Corps administrative records
Lead Office: Office of Third Goal and Returned Volunteer Services

<p>Strategic Objective 6: Diversity and Inclusion</p> <p><i>Actively recruit, support, and retain a diverse workforce and Volunteer corps and build an inclusive culture that encourages collaboration, flexibility, and fairness (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>FY 2014 Status</p> <p>Noteworthy progress</p>
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The Peace Corps recruits a diverse workforce and Volunteer corps to ensure that—in promoting a better understanding of Americans on the part of the host countries—Volunteers and staff represent the rich diversity of the United States. To harness and support the unique perspectives of a diverse Peace Corps, the agency fosters an inclusive culture that encourages collaboration, flexibility, and fairness.

In FY 2014, the Peace Corps continued to increase the diversity of the Volunteer corps. The agency has also made strides in building an inclusive culture through the development of employee resource groups and the fielding of the first systematic, agencywide Host Country Staff Survey.

Key Strategies and Activities:

- **Identify and mitigate economic barriers to service:** The agency is collaborating with other organizations to mitigate economic barriers to Volunteer service in an effort to increase the socioeconomic diversity of the Peace Corps. The agency has discussed solutions regarding student loan relief with the U.S. Department of Education and other organizations.
- **Implement a digital marketing strategy:** The agency launched its first digital advertising campaign to increase Volunteer applications from Asian-American, African-American, and Hispanic populations. Results show the impact of the campaign was higher than industry standards. The campaign resulted in a 0.65 percent click-through rate—three times the industry standard. The majority of the

individuals reached by the campaign viewed the advertisements on mobile devices.

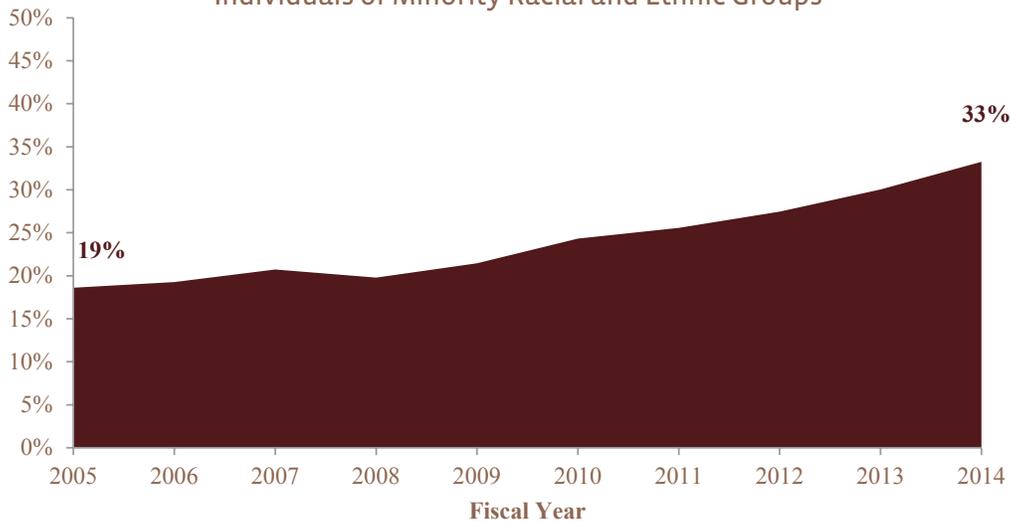
- **Develop Employee Resource Groups:** Peace Corps employee resource groups (ERGs) are employee-driven groups drawn together by shared areas of interest. They are supported by the agency to promote networking, career development, community service, and cross-cultural understanding. They are also instrumental in recruitment, skill development, and morale-building. The agency currently has eight ERGs that focus on the following areas of interest: African-American; Asian-American and Pacific Islander; Hispanic; Jewish; LGBTQA (lesbian, gay, bisexual, transgender, queer, and ally); women; mindfulness; and veterans.

Performance Goal Results:

<p>Performance Goal 6.1: Increase Applicant Diversity <i>Increase applications for Volunteer service from individuals of minority racial and ethnic groups to 35 percent by FY 2016</i></p>	<p>FY 2014 Target </p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	25%	26%	32%	34%
Result	24%	26%	27%	30%	33%	

Percentage of Applications Received from Individuals of Minority Racial and Ethnic Groups



Analysis: Since FY 2008, the agency has seen a 13 percentage point increase for this performance goal—a significant achievement. Growth has been largest in the African-American and Hispanic groups (a 6 and 5 percentage point increase since FY 2008, respectively). Targets are informed by the college-degreed population of the United States to ensure the Volunteer corps reflects the diversity of America. Targets are set higher than the college-degreed rate to account for higher attrition

of individuals of minority racial and ethnic groups; in FY 2014, 33 percent of applicants were from these racial and ethnic groups, compared to 25 percent of the Volunteer population.

Data Source: Peace Corps database

Lead Office: Office of Volunteer Recruitment and Selection

<p>Performance Goal 6.2: Build an Open and Inclusive Organizational Culture</p> <p><i>Increase the percentage of Peace Corps Volunteers, U.S. direct hire staff, and host country national staff who report that the agency has an open and inclusive organizational culture¹ to 90 percent by FY 2016</i></p>	<p>FY 2014 Target</p> <p>✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target ²	--	--	--	--	85%	88%
Result ³	U.S. direct hire staff	--	--	--	88%	
	Host country staff	--	--	--	89%	
	Volunteers	--	--	--	80%	

¹ Includes the top two positive response options on a five-point scale.

² The FY 2014 target only applies to U.S. direct hire staff and was based on an estimate derived from contextual information from the Employee Viewpoint Survey, including the following questions: “My supervisor/team leader listens to what I say” and “Managers/supervisors/team leaders work well with employees of different backgrounds.” Based on the collection of baseline data from host country staff and Volunteers through the Host Country Staff Survey and Annual Volunteer Survey, respectively (shaded in grey), targets for FY 2015 and beyond apply to all three groups.

³ FY 2014 results from the Employee Viewpoint Survey and Host Country Staff Survey are preliminary and will be updated with the FY 2016 Annual Performance Plan to be issued with the FY 2016 Congressional Budget Justification in February 2015.

Analysis: This question was included in surveys for each respondent group for the first time in FY 2014. The target was met with regard to U.S. direct hire staff—the only group for which a target was set in FY 2014. Baseline data were collected in FY 2014 from the Host Country Staff Survey and Annual Volunteer Survey to inform targets related to host country staff and Volunteers. Moving forward, the agency has set one performance target for all three respondent groups.

Preliminary results from FY 2014 illustrate a difference between the perceptions of staff and Volunteers on the degree to which the organizational culture of Peace Corps is open and inclusive. While 89 percent of host country staff and 88 percent of

U.S. direct hire staff reported positively, 80 percent of Volunteers reported positively. The agency’s efforts to improve performance on this goal in the future will focus on narrowing this gap and working with Volunteers on issues they have identified as areas for improvement. For example, of the Volunteers

Top Three Gaps in Culture of Inclusion Identified by Volunteers*

1. Race/Color/Ethnicity
2. Socioeconomic Status
3. Sexual Orientation

* Based on percentage of Volunteers who disagreed or strongly disagreed that the culture is inclusive

who disagreed that the organization of the Peace Corps is open and inclusive to diversity, 71 percent of respondents selected race, color, or ethnicity as a gap in the culture of inclusion in the Peace Corps; 44 percent of respondents cited socioeconomic status, 39 percent cited sexual orientation, and 33 percent cited age.

Data Source: Annual Volunteer Survey, Employee Viewpoint Survey, Host Country Staff Survey
Lead Office: Office of Civil Rights and Diversity

<p>Strategic Objective 7: Site Development</p> <p><i>Establish an environment conducive to Volunteer success through an integrated approach to developing effective projects, preparing work sites, and successfully collaborating with local partners (Supports Strategic Goals 1 and 2)</i></p>	<p>FY 2014 Status</p> <p>Area for improvement</p>
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Before Volunteers arrive in their countries of service, the Peace Corps works to ensure they will have meaningful work that meets local needs and that there are local partners interested in working with them. The agency also verifies that Volunteer housing and work sites are safe, secure, and meet Volunteers’ medical and mental health needs. This foundation allows Volunteers to focus on their work both when they arrive in their community and throughout their service.

The agency made improvements in several components of site development in FY 2014; however, more progress is needed to meet this objective. Sustained, concentrated attention by the agency is required to meet the aggressive targets set for site development over time.

Key Strategies and Activities:

- **Develop and implement post-specific site development procedures:** Each region has specific site development and monitoring standards and, in FY 2014, the agency made progress on developing post-specific site development criteria, policies, and procedures for each post. Site development and monitoring standards include a required number of visits by Peace Corps staff to Volunteers’ sites each year, standards for communication and housing, requirements for collaborating with local communities, and site safety protocols, among others.
- **Increase staff capacity for site development and monitoring:** As the result of new site

development standards and procedures, the workload of staff at overseas posts has increased significantly. To address this challenge, the agency provided additional staff resources to the posts with the most need and is in the process of adjusting staffing at other posts to ensure Volunteers are positioned for success in well-developed and supported housing and work sites.

- **Train counterparts and host communities on working effectively with Volunteers:** The Africa region has developed new training modules for counterparts and host families, which outline how to live and work effectively with Volunteers, including setting clear expectations regarding the role of the Volunteer.

Performance Goal Results:

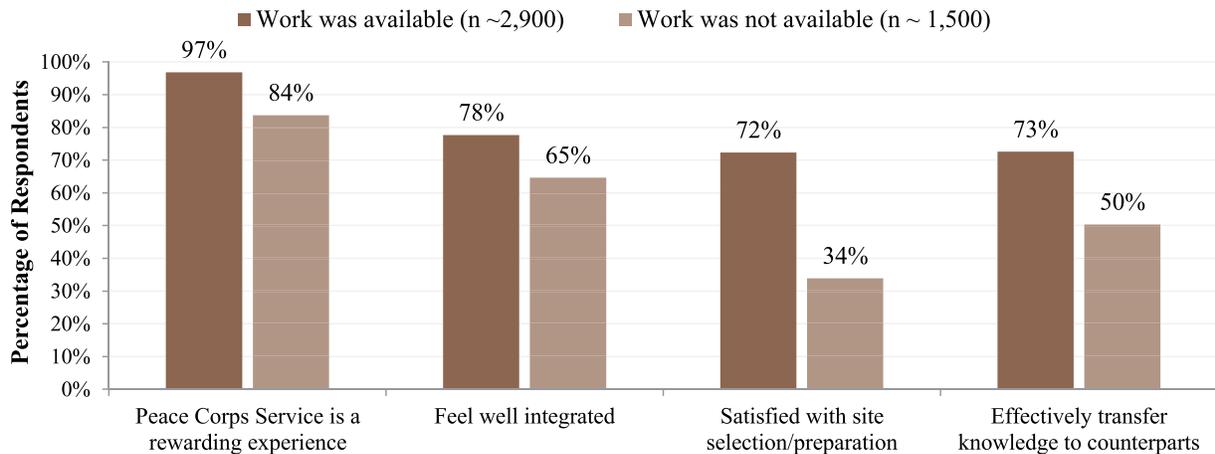
<p>Performance Goal 7.1: Improve Site Development</p> <p><i>Increase the percentage of Volunteers satisfied¹ with site selection and preparation to 74 percent by FY 2018</i></p>	<p>FY 2014 Target</p> <p>✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	44%	62%
Result ²	44%	42%	41%	42%	59%	

¹ Includes the top two response options on a five-point scale. In FY 2014, the agency redesigned the AVS questionnaire. As part of the redesign, the response scales for a number of questions were changed from an unbalanced to a balanced format where there are an equal number of positive and negative categories on the response scale. The decision to use balanced scales was made in order to improve the quality of AVS responses by making the positive, neutral, and negative options more clear for respondents. For this performance goal, the top two positive response options on the five-point scale were changed from “Considerable/Exceptional” to “Satisfied/Very Satisfied.”

² Due to the improvements to the AVS in FY 2014, including modifying the response scales (described above) and reducing the length of the questionnaire by half, results from FY 2010–13 (shaded in grey) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparisons of results from FY 2014 and future years will be possible. Additional information on the effects of the AVS changes on performance results may be found in Appendix 2, Verification and Validation of Performance Data.

Meaningful Work Improves Peace Corps Service



Perceptions of 2014 Annual Volunteer Survey Respondents, by Availability of Work Upon Arrival at Site

Analysis: The target was met in FY 2014. However, the achievement may have been due to measurement changes resulting from improvements to the AVS in FY 2014. Targets for FY 2015 and future years have been adjusted upward based on the FY 2014

result. Consistent with FY 2013 results, Volunteer satisfaction with site selection and preparation remains the lowest among six types of in-country Peace Corps support functions surveyed. Volunteer responses to other AVS questions provide additional

insights on which components of site development and preparation require additional focus by the agency. The vast majority of Volunteers feel safe living at their sites (93 percent), which reflects community selection and housing preparation by the Peace Corps. However, only slightly more than half of respondents said that meaningful work was

available (55 percent) or host country individuals were prepared (54 percent) when they arrived at site.

Data Source: Annual Volunteer Survey

Lead Office: Africa Region; Europe, Mediterranean, and Asia Region; Inter-America and the Pacific Region

<p align="center">Performance Goal 7.2: Improve Counterpart Selection and Preparation</p> <p align="center"><i>Increase the percentage of Volunteers satisfied¹ with the community integration and project work support provided by their assigned counterpart to 61 percent by FY 2018</i></p>	<p>FY 2014 Target</p> <p align="center"></p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	34% ²	55%
Result ³	33%	31%	32%	32%	53%	

¹ Includes the top two response options on a five-point scale.

² The FY 2014 target for this performance goal was based on FY 2010–13 results from a proxy measure from the AVS: “When you arrived at your community, how prepared for your arrival were the host country individuals with whom you would be working?” A new question was introduced in the AVS to measure this performance goal in FY 2014 and beyond. Future year targets have been adjusted based on the FY 2014 result.

³ In FY 2014, the agency redesigned the AVS questionnaire. As part of the redesign, the response scales for a number of questions were changed from an unbalanced to a balanced format where there are an equal number of positive and negative categories on the response scale. The decision to use balanced scales was made in order to improve the quality of AVS responses by making the positive, neutral, and negative options more clear for respondents. The length of the questionnaire was also reduced by half. Due to the improvements to the AVS, as well as the use of a new question to measure this performance goal, results from the proxy measure in FY 2010–13 (shaded in grey) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparisons of results from FY 2014 and beyond will be possible. Additional information on the effects of the AVS changes on performance results may be found in Appendix 2, Verification and Validation of Performance Data.

Analysis: The target was met in FY 2014. However, the achievement may have been due to measurement changes resulting from improvements to the AVS in FY 2014. Targets for FY 2015 and future years have been adjusted upward based on the FY 2014 result. This performance goal measures the percentage of Volunteers satisfied with both the community integration and project work support provided by their assigned counterpart; 53 percent of Volunteers were satisfied with both aspects of support. When analyzed separately, Volunteers are significantly more satisfied with the support provided by their

counterpart on integrating into the community (72 percent) than the support for their projects and activities in their communities (63 percent). Additionally, over two-thirds of Volunteers (68 percent) reported that they continued to work with their Peace Corps-assigned counterpart.

Data Source: Annual Volunteer Survey

Lead Office: Africa Region; Europe, Mediterranean, and Asia Region; Inter-America and the Pacific Region

<p>Strategic Objective 8: Train-Up</p> <p><i>Develop a highly-effective Volunteer corps through a continuum of learning throughout service (Supports Strategic Goals 1 and 2)</i></p>	<p>FY 2014 Status</p> <p>Area for improvement</p>
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The Peace Corps invests in training throughout service to help Volunteers translate their skills into the local context. Training topics focus on developing Volunteers’ technical capacity, language skills, and cultural acuity. By providing ongoing training throughout service, the agency provides Volunteers with the tools they need to be effective in their work.

In FY 2014, the agency made great strides in standardizing the training that Volunteers receive during pre-service training through the Focus-In/Train-Up strategy. However, more progress is needed to coordinate and develop training topics throughout Volunteers’ service and to ensure adequate time for technical and language training.

Key Strategies and Activities:

- **Expand Volunteer language testing:** The agency implemented new guidance to require the expansion of Volunteer language testing at all posts. Starting in FY 2015, all posts will be required to conduct language proficiency interviews for all Volunteers who are closing their service. In FY 2014, only 53 percent of Volunteers who finished their service were tested. An expansion in Volunteer language testing will provide the agency with important information on the language learning that occurs throughout a Volunteers’ service to inform language training, mentoring, and support strategies.
- **Revise training packages:** Through the Focus-In/Train-Up strategy—initiated in FY 2012—the Peace Corps has undertaken

a major revision of the training provided to Volunteers. Curricula for each of the six programmatic sectors as well as global core training packages have been developed and training materials continue to be revised. In FY 2014, the agency developed 16 new training packages, 17 new stand-alone training sessions, and seven new training manuals and revised three existing training packages.

- **Establish terminal learning objectives for Volunteers:** The agency is developing terminal learning objectives to measure Volunteers’ progress toward the key competencies they need to be effective in their work. The agency finalized objectives for the global core training packages in FY 2014, and sector-specific objectives are in development and are expected to be required for all posts in FY 2015.

Performance Goal Results:

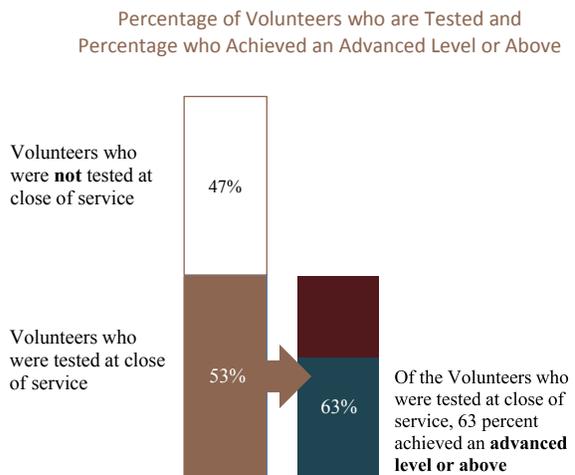
<p>Performance Goal 8.1: Improve Language Learning</p> <p><i>Increase the percentage of Volunteers tested at close of service who achieve the “advanced” level or above on the language proficiency interview to 70 percent by FY 2018</i></p>	<p>FY 2014 Target</p> <p>✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	50%	55%
Result	--	--	--	--	63%	

Analysis: While the target was met, the result represents only 53 percent of the Volunteers who closed their service. In FY 2014, testing Volunteers at close of service was not a requirement for posts. Starting in FY 2015, the agency will require all posts that provide language training to Volunteers to conduct close of service language testing for all Volunteers. The agency expects results for this performance goal to change once all Volunteers are tested at close of service, but the agency does not yet have sufficient evidence to indicate the direction of that change.

Data Source: Peace Corps database
Lead Office: Office of Overseas Programming and Training Support; Africa Region; Europe,

Mediterranean, and Asia Region; Inter-America and the Pacific Region



<p>Performance Goal 8.2: Increase Effectiveness of Technical Training</p> <p><i>Increase the percentage of Volunteers who report that their technical training was effective¹ in preparing them to work at their site to 70 percent by FY 2018</i></p>	<p>FY 2014 Target</p> <p>✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	52%	64%
Result ²	44%	44%	44%	50%	63%	

¹ Includes the top two positive response options on a five-point scale. In FY 2014, the agency redesigned the AVS questionnaire. As part of the redesign, the response scales for a number of questions were changed from an unbalanced to a balanced format where there are an equal number of positive and negative categories on the response scale. The decision to use balanced scales was made to improve the quality of AVS responses by making the positive, neutral, and negative options more clear for respondents. For this performance goal, the top two positive response options on the five-point scale were changed from “Considerable/Exceptional” to “Effective/Very Effective.”

² Due to the improvements to the AVS in FY 2014, including modifying the response scales (described above) and reducing the length of the questionnaire by half, results from FY 2010–13 (shaded in grey) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparisons of results from FY 2014 and future years will be possible. Additional information on the effects of the AVS changes on performance results may be found in Appendix 2, Verification and Validation of Performance Data.

Analysis: The target was met in FY 2014. However, the achievement may have been due to measurement changes resulting from improvements to the AVS in FY 2014. Targets for FY 2015 and future years have been adjusted upward based on the FY 2014 result. This performance goal measures the percentage of Volunteers who report their training was effective in preparing them to perform technical aspects of their work. Results in FY 2014 showed differences between the six programmatic sectors. Volunteers in the Education sector rated technical training the highest

(69 percent), followed by Agriculture (65 percent), Youth in Development (64 percent), Environment (61 percent), Community Economic Development (60 percent), and Health (55 percent).

Data Source: Annual Volunteer Survey

Lead Office: Office of Overseas Programming and Training Support; Africa Region; Europe, Mediterranean, and Asia Region; Inter-America and the Pacific Region

<p>Strategic Objective 9: High-Performing Learning Organization</p> <p><i>Cultivate a high-performing learning organization by investing in professional development for staff, improving staff retention, and strengthening institutional memory (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>FY 2014 Status</p> <p>Area for improvement</p>
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Due to the five-year rule—the unique law that limits the majority of U.S.-based and American overseas staff to five-year appointments—the Peace Corps is faced with high staff turnover that produces significant human capital and knowledge management challenges. The agency is cultivating a high-performing learning organization that invests in staff development, retains employees to the fullest extent of the law, and manages institutional knowledge to successfully advance the Peace Corps mission.

The Peace Corps is in the process of developing an agencywide staff development program and is considering pursuing legislative solutions to address the human capital and knowledge management challenges posed by the five-year rule. As the agency is in the initial stages of multiyear strategies to cultivate a high-performing learning organization, more progress is needed over time to reach this strategic objective.

Key Strategies and Activities:

- **Invest in a learning management system:** The agency has allocated resources toward the development of a centralized learning management system. When finalized, the new system will track and manage individual development plans for staff as well as staff training events. This will allow the agency to connect staff development needs with training opportunities and to budget more effectively for training.

- **Implement a leadership continuum for staff:** The Peace Corps is in the early stages of developing a new entry to executive leadership continuum for staff. The agency redesigned its Leadership Development Academy and launched a supervisory training program. This leadership continuum program will develop the future leaders of the agency and contribute to the ongoing professional development of current leaders.
- **Pursue legislative modifications to the five-year rule:** In response to the 2012 Peace Corps

Office of Inspector General evaluation of the impacts of the five-year rule on agency operations (http://files.peacecorps.gov/multimedia/pdf/policies/PC_Final_Evaluation_Report_on_Impacts_of_the_Five-Year_Rule_IG1205E.pdf), the agency is considering seeking legislative modifications to the five-year rule.

The agency is committed to maintaining the spirit of the five-year rule—to permit the constant flow of new ideas and provide administrative flexibility—while addressing major management challenges that inhibit the agency’s ability to advance its goals.

Performance Goal Results:

<p>Performance Goal 9.1: Improve Staff Training</p> <p><i>Increase the percentage of staff satisfied¹ with the training they received to do their job to 62 percent by FY 2018</i></p>	<p>FY 2014 Target</p> <p>✓</p>
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		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target ²		--	--	--	--	54%	56%
Result ³	U.S. direct hire staff	49%	50%	50%	57%	55%	
	Host country staff	--	--	--	--	62%	

¹ Includes the top two positive response options on a five-point scale.

² The FY 2014 target only applies to U.S. direct hire staff and was based on actual results from the Employee Viewpoint Survey. Based on the collection of baseline data from host country staff through the Host Country Staff Survey (shaded in grey), targets for FY 2015 and beyond apply to both U.S. direct hire and host country staff.

³ FY 2014 results from the Employee Viewpoint Survey and Host Country Staff Survey are preliminary and will be updated with the FY 2016 Annual Performance Plan to be issued with the FY 2016 Congressional Budget Justification in February 2015.

Analysis: The target was met for the U.S. direct hire respondent group. As the Host Country Staff Survey was first fielded in FY 2014, the agency did not have baseline data to set a target for the host country staff respondent group. Moving forward, the agency has set one target for both staff groups.

It is important to note that the preliminary results from the Host Country Staff Survey are based on the 58 percent of the staff who received and responded to the survey in its first year. This pool of respondents represents 38 percent of the overall pool of eligible staff. The remaining host country staff—who were

eligible but did not respond—could not be reached with an invitation due to the lack of available email addresses. In FY 2015, Peace Corps will continue to reach out to eligible staff and improve the survey instrument and administration, including translating the survey into several languages and exploring alternatives to electronic submissions where necessary, to encourage broader participation in the survey.

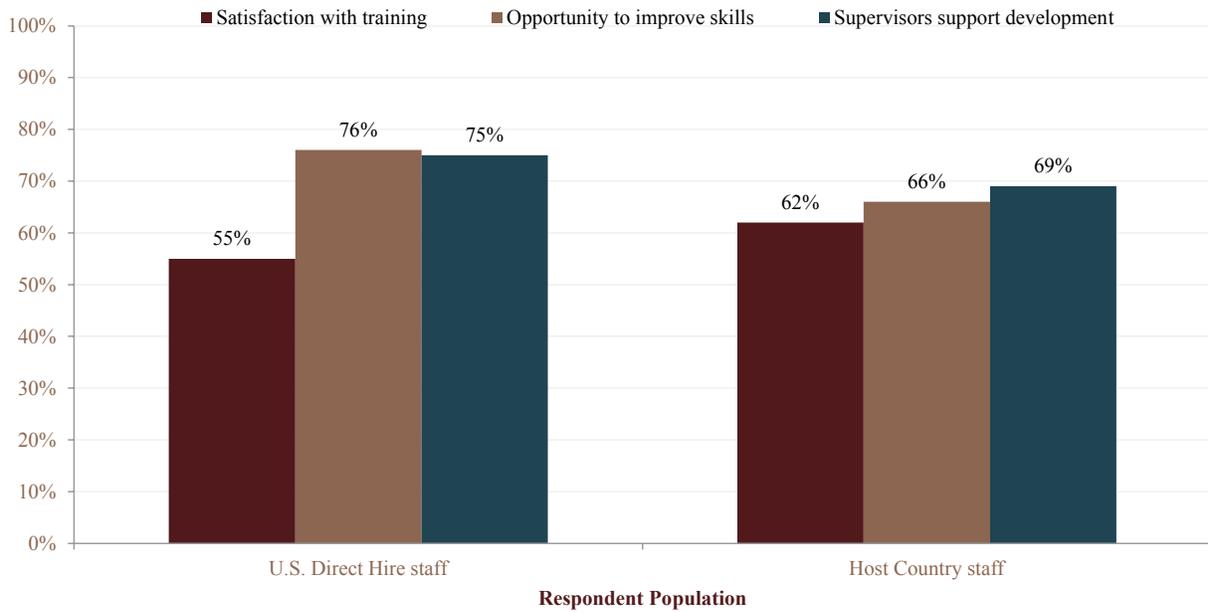
Staff responses to other questions provide additional insights into how the Peace Corps supports staff training and development. Staff responded that they

are given a real opportunity to improve their skills (76 percent and 66 percent of U.S. direct hire and host country staff respondents, respectively) and that supervisors in their units support employee development (75 percent and 69 percent of U.S. direct hire and host country staff respondents, respectively).

Data Source: Employee Viewpoint Survey and Host Country Staff Survey

Lead Office: Office of Human Resource Management, Office of Overseas Programming and Training Support

Responses to Training and Development Questions



<p>Performance Goal 9.2: Increase Staff Tenure <i>Increase the average tenure of U.S. direct hire staff</i></p>	<p>FY 2014 Target No target set</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	No target set; Baseline data collection	No target set; Baseline data collection
Result ¹	--	--	3.3 years	4.1 years	3.7 years	

¹ FY 2012–14 results are preliminary and based on the median years of tenure of staff who separated from the Peace Corps in each fiscal year. FY 2012–14 results and targets for FY 2016 and beyond will be provided in the FY 2016 Annual Performance Plan to be issued with the FY 2016 Congressional Budget Justification in February 2015.

Analysis: This performance goal measures the average (calculated using the median) tenure of U.S. direct hire staff. Results are preliminary as only a subset of data is currently available. The agency will finalize FY 2010–14 results and set targets for FY 2016 and future years as full records are collected from the USDA National Finance Center and analyzed. Preliminary results show that staff leave Peace Corps employment much earlier than is required due to the five-year rule. For employees who have separated since FY 2012, the average tenure was an estimated 3.5 years. This calculation includes the staff who were granted extensions to serve beyond five years.¹ For

the employees who served five years or less during the same time period, the average tenure was an estimated 2.9 years. The agency continues to employ multiple strategies to both increase staff tenure and mitigate the effects of high staff turnover, including pursuing legislative modifications to the five-year rule, improving the off-boarding process by collaborating with federal government employers to place staff with noncompetitive eligibility, and investing in learning and knowledge management systems.

Data Source: Peace Corps database

Lead Office: Office of Human Resource Management

¹ The Peace Corps Act allows the Director to make appointments of more than five years for up to 15 percent of U.S. direct hire staff at any given time for employees who have demonstrated an exceptional record of performance in order to achieve one of the following purposes: to promote continuity of functions in administering the Peace Corps; to permit individuals who have worked at least 2.5 years at overseas posts to work in the United States; to permit individuals who have worked at least 2.5 years in the United States to work at overseas posts; and to permit individuals working in a recruitment, selection, or training capacity to serve in another capacity. Additionally, the Director may, under special circumstances, approve an extension of appointment for up to one year on an individual basis.

<p>Strategic Objective 10: Global Connectivity</p> <p><i>Enable seamless communication and collaboration for all Volunteers and staff by modernizing and integrating information technology systems and leveraging the innovation of Volunteers and staff in the field (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>FY 2014 Status</p> <p>Area for improvement</p>
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The Peace Corps operates in areas of the world where the information technology (IT) infrastructure is not fully developed. At the same time, there is an increasing demand for modern tools to enable effective communication and collaboration among Volunteers and staff. The agency is building flexible IT systems that leverage modern technology to break down barriers to communication and collaboration.

The Peace Corps is on the cusp of major advances in modernizing and integrating IT systems; however, more progress is needed to fully enable seamless communication and collaboration for all Volunteers and staff.

Key Strategies and Activities:

- **Build modern and flexible systems that improve data access:** The Peace Corps has made progress on retiring old applications and developing new systems that are compatible with evolving technology. The agency retired 19 out of 131 legacy applications in FY 2014. The agency also expects to transition fully to

Microsoft SharePoint 2013 by the beginning of FY 2015.

- **Develop and implement a comprehensive, agencywide IT strategy:** To guide IT planning and future decision making, the agency initiated work on an independent assessment of its IT strategy and operations. The assessment will be conducted by a team of external experts

and will result in a forward-looking strategy for supporting staff and Volunteers with the most effective technology. The assessment team will also identify how best to align IT resource decisions with the long-term, agencywide IT strategy.

- **Improve the agency’s knowledge-exchange platform:** The agency updated the technology for PCLive—the Peace Corps’ knowledge and information exchange platform for Volunteers

and staff in FY 2014. Through PCLive, Volunteers and staff can search for materials, share resources, ask questions, and connect with other Volunteers and staff from around the world. Volunteers and staff can upload documents to share with others; in FY 2014, the agency digitized all of the agency’s Volunteer programming, training, and evaluation publications, as well as nearly 1,500 other learning resources and placed them in PCLive.

Performance Goal Results:

<p>Performance Goal 10.1: Develop an Integrated Technology Platform <i>Retire all legacy applications and consolidate functions into an integrated platform by FY 2018</i></p>	<p>FY 2014 Target ✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	10%	30%
Result	--	--	--	--	15%	

Analysis: In FY 2014, the agency completed an audit of its legacy applications—defined as systems based on an outdated technology that is no longer fully supported by the Peace Corps. Through the audit, the agency identified 131 legacy applications, 46 of which are low-impact applications that can be retired without replacement. The remaining 85 applications

will be considered for consolidation into the platform modernization project. In FY 2014, 19 low-impact applications were retired.

Data Source: Peace Corps administrative records
Lead Office: Office of the Chief Information Officer

<p>Performance Goal 10.2: Facilitate Knowledge Sharing <i>Increase the percentage of Volunteers who report that they use the digital materials provided by the Peace Corps in their work to 85 percent by FY 2016</i></p>	<p>FY 2014 Target No Target set</p>
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Analysis: This performance goal measures the frequency of Volunteers’ use of the digital materials provided by the Peace Corps in their work, including materials received by email or downloaded through knowledge-sharing platforms such as PCLive. This question was included in the Annual Volunteer Survey for the first time in FY 2014. While Volunteers reported high usage of Peace Corps digital materials, survey results suggest that infrequent internet access is one constraint for Volunteers in fully utilizing

the digital materials provided by the Peace Corps. Volunteers with frequent access to the internet (daily or weekly) reported higher usage of Peace Corps digital materials (79 percent) than Volunteers with less than monthly or no access to the internet (71 percent).

Data Source: Annual Volunteer Survey

Lead Office: Office of Overseas Programming and Training Support

<p>Strategic Objective 11: Measurement for Results</p> <p><i>Advance the agency’s ability to measure progress, improve performance, and demonstrate impact through integrated monitoring, reporting, and evaluation practices (Supports Strategic Goals 1, 2, and 3)</i></p>	<p>FY 2014 Status</p> <p>Noteworthy progress</p>
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The Peace Corps nurtures a culture of performance improvement where all staff and Volunteers have a role in using evidence to make decisions and in measuring and assessing the results of their work. The agency integrates and supports monitoring, reporting, and evaluation practices by providing training and guidance to staff and Volunteers, developing and improving data sources, conducting studies of agency programs, and evaluating the long-term impact of Volunteers.

Key Strategies and Activities:

- **Increase the monitoring, reporting, and evaluation (MRE) capacity of Volunteers and staff:** The agency provided additional staffing resources and training to increase the MRE capacity of Volunteers and staff. All Volunteers receive standard MRE training during pre-service training. Additionally, all posts received detailed training on the new Volunteer Reporting Tool (VRT)—Volunteers’ primary monitoring and reporting mechanism for their work. The agency also increased MRE staff at overseas posts and at headquarters to respond to new and expanding monitoring and reporting tasks.
- **Collect baseline data for new country entries and new Volunteer projects:** The Peace Corps successfully launched the baseline

data collection study in Kosovo—the sole new country entry in FY 2014. The agency expects to conduct similar studies for new country entries and country re-entries planned in FY 2015, including Burma, Comoros, and Timor Leste. Possible new Volunteer projects include a Youth in Development project in Jordan. Baseline data collected through these studies will inform eventual impact evaluations, which will provide the agency with evidence of Volunteers’ impact.

- **Develop new data sources and improve existing data sources:** The agency developed two new surveys in FY 2014—the Global Counterpart Survey and the Host Country Staff Survey—and made significant improvements to the AVS and the VRT. Both the Global Counterpart Survey and Host Country Staff Survey provide information from key stakeholders that the agency has never

before surveyed systematically—Volunteer counterparts and host country national staff, respectively. Improvements to the AVS—which included a reduction in the number of questions asked of Volunteers and the use of balanced

scales—significantly increased the quality of the data. The agency continued to improve the VRT by enhancing reporting functions and instituting additional data quality controls.

Performance Goal Results:

<p>Performance Goal 11.1: Conduct Baselines</p> <p><i>Increase the percentage of new country entries and new Volunteer project frameworks where baseline data has been collected or compiled prior to the beginning of the intervention to 100 percent by FY 2016</i></p>	<p>FY 2014 Target</p> <p>X</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	50%	75%
Result	--	--	--	--	0%	

Analysis: The agency successfully initiated the baseline data collection study in Kosovo—the one new country entry in FY 2014. The Volunteer project in Kosovo is focused on education, and the study will collect baseline data on the skills of local English teachers, student English proficiency, and attitudes about Americans in support of the Peace Corps’ Strategic Goal Two. The data collected and the analysis of the results will eventually inform an evaluation of the impact of Volunteers working in the country. However, for the reasons outlined below, baseline data was not collected prior to the arrival of Volunteers at their sites, as required by the performance goal, so the FY 2014 target was not met.

activities cannot take place until the school year begins and students and teachers are available for interviews and observation. As Volunteers typically arrive at their sites at the beginning of the school year, baseline data collection necessarily begins after Volunteers’ arrival.

Moving forward, the agency will modify the performance goal to allow for the collection of baseline data either before the arrival of Volunteers or for a short period after their arrival. This modification allows the agency to collect baseline data during the time period when data are most available while still maintaining methodological rigor.

In many cases, the collection of baseline data collection, particularly for projects in the Education sector, will only be possible after Volunteers have arrived at their sites. In the case of Education projects, many primary baseline data collection

Data Source: Peace Corps administrative records
Lead Office: Office of Global Operations; Office of Strategic Information, Research, and Planning

<p align="center">Performance Goal 11.2: Increase Evidence-Based Decisions</p> <p align="center"><i>Increase the percentage of posts and headquarters offices that demonstrate the use of evidence in program, policy, and/or budget decisions to 100 percent by FY 2016</i></p>	<p align="center">FY 2014 Target</p> <p align="center">✓</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	50%	75%
Result	--	--	--	--	68%	

Analysis: This performance goal is measured through an annual data call to posts and headquarters offices, and the question that informs this performance goal was first asked in FY 2014. Both posts and headquarters offices exceeded the FY 2014 target (69 and 64 percent, respectively), demonstrating notable examples of evidence-based decision making across the agency. The majority of posts utilized insights from Annual Volunteer Survey data to improve their programs. For example, the program in Peru modified its Volunteer homestay policy based on data from the Annual Volunteer Survey, triangulated with data from a survey of Volunteers on

their homestay experience, one-on-one interviews with Volunteers, and internet research on the topic. As a result of this analysis, the post modified its policy to allow Volunteers to choose whether or not they live with a host family. Detailed results from this performance goal will be shared with all posts and headquarters offices to encourage the sharing of best practices in evidence-based decision making.

Data Source: Peace Corps administrative records
Lead Office: Office of Strategic Information, Research, and Planning

<p align="center">Performance Goal 11.3: Using Evidence to Encourage Innovation</p> <p align="center"><i>Increase the percentage of posts and headquarters offices that conduct structured pilots to test new approaches to advance programmatic goals and/or address management challenges</i></p>	<p align="center">FY 2014 Target</p> <p align="center">No Target set</p>
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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	--	--	--	--	No target set; Baseline data collection	No target set; Baseline data collection
Result	--	--	--	--	70%	

Analysis: This performance goal is measured through an annual data call to posts and headquarters offices, and the question that informs this performance goal was first asked in FY 2014. The agency will continue to collect baseline data in FY 2015 to inform the development of guidance regarding the use of structured pilots, including protocols for identifying potential pilot programs, establishing project baselines, testing new approaches through iteration, evaluating results, and scaling-up or ending pilot programs. The use of standard criteria and rigorous measurement will enable the agency to learn from pilots and determine if they should be fully adopted. While standard criteria have not yet been developed for conducting structured pilots, several posts and headquarters offices provided notable examples of pilot programs in FY 2014. The program in Georgia, for example, piloted a new site placement model to

better serve ethnic minority communities. Rather than placing Volunteers in the two-year program in these communities, the post placed Peace Corps Response Volunteers—returned Volunteers from Azerbaijan with strong technical skills, proficiency in the Azeri language, and a strong understanding of how to live and work effectively in the Azeri culture. Through the pilot, the post concluded that the model was effective in better meeting the needs of ethnic minority communities. The post is expanding the model to include the placement of recently returned Volunteers from Armenia to be placed in ethnic Armenian communities.

Data Source: Peace Corps administrative records

Lead Office: Office of Strategic Information, Research, and Planning

Evaluation and Research

The Peace Corps made significant progress in FY 2014 in strengthening its evaluation and research practices. Evaluation and research are critical to achieving a better understanding of agency performance on strategic objectives, providing actionable information to decision makers, and demonstrating the impact of Volunteers to stakeholders.

Descriptions of the major evaluation and research activities conducted by the agency in FY 2014, as well as how they relate to agency strategic objectives, are provided below. Activities in FY 2014 relate to expanding and improving sources of evidence; generating new insights through research; evaluating Peace Corps processes, initiatives, and impact; piloting new approaches to solve persistent problems; and strengthening the agency's capacity to use evidence.

Summaries of performance audits and evaluations conducted by the Office of Inspector General are also provided in this section. Publicly available evaluation and research results and other data may be found at www.peacecorps.gov/open.



Major Evaluation and Research Activities in FY 2014

Expanding and improving sources of evidence	Related Strategic Objective
<p>Improvements to the Annual Volunteer Survey. The Annual Volunteer Survey (AVS) is one of the primary sources of evidence utilized by the agency to improve operations. In FY 2014, the agency substantially redesigned the survey questionnaire to improve data quality by reducing measurement error and strengthening respondent confidentiality. Based on a comprehensive review of prior survey questionnaires and item analysis, the agency significantly shortened the survey questionnaire, reducing the response time by half (from a median of 56 minutes in 2013 to 28 minutes in 2014). The agency also modified the response scales for a number of questions—from an unbalanced to a balanced format—to make the positive, neutral, and negative options more clear for respondents. As a result of these improvements to the AVS, the agency will have a more accurate understanding of the perspectives of Volunteers.</p>	<ul style="list-style-type: none"> 1. Volunteer Well-Being 2. Service Opportunity of Choice 3. Development Impact 4. Cross-Cultural Understanding 6. Diversity and Inclusion 7. Site Development 8. Train-Up 10. Global Connectivity
<p>Redesign of the Volunteer Reporting Tool. In FY 2014, the agency completed a major redesign of the Volunteer Reporting Tool (VRT). The redesigned VRT has a more intuitive user interface, and allows for the global aggregation of Volunteer activity data. The redesigned VRT is structured based on the new Volunteer project frameworks, providing a connection between Volunteer accomplishments and the goals and objectives of their projects. These advancements enable the agency to more easily and accurately track the progress that Volunteers are making on their projects and report high-quality data on the outcomes of Volunteer activities to agency strategic partners such as Feed the Future and the President’s Emergency Plan for AIDS Relief. As a result, the agency has more data to inform the design of Volunteer projects and better demonstrate the impact of Volunteers.</p>	<ul style="list-style-type: none"> 3. Development Impact

Expanding and improving sources of evidence	Related Strategic Objective
<p>Global Counterpart Survey. Upon the completion of a pilot study with 14 posts in FY 2013, the agency began administering the first Global Counterpart Survey to all posts in February 2014. The survey is designed to provide information on the impact of Volunteers on local communities from the perspectives of Volunteers’ primary work partners. The agency surveyed approximately 25 percent of counterparts in FY 2014.</p>	<p>3. Development Impact</p> <p>4. Cross-Cultural Understanding</p>
<p>Host Country Staff Survey. In FY 2014, the Peace Corps launched its first agencywide survey to systematically gather perspectives from host country staff. The survey in FY 2014 included questions related to staff training and the degree to which the Peace Corps has an inclusive culture. The survey will be expanded in future years to cover additional post operations and support topics.</p>	<p>6. Diversity and Inclusion</p> <p>9. High-Performing Learning Organization</p>

Generating new insights through research	Related Strategic Objective
<p>Analysis of the drivers of Volunteer effectiveness. Based on the 2013 AVS data, the agency conducted an analysis of the key drivers of perceived Volunteer effectiveness. Applying advanced statistical analysis techniques, the agency found that the strongest stand-alone drivers of Volunteer effectiveness were the amount of gain in their theoretical and practical knowledge through Peace Corps training and field experience and the ongoing agency support of work-related functions provided to Volunteers. The analysis identified specific areas for improvement—Volunteer training and site development, management, and support—which are likely to yield the greatest increases in Volunteer effectiveness. The complete study results may be found in the 2013 Annual Volunteer Survey Report: Voice of the Volunteer at http://files.peacecorps.gov/multimedia/pdf/opengov/2013_Voice%20of%20the%20Volunteer_July-3-14.pdf.</p>	<ul style="list-style-type: none"> 1. Volunteer Well-Being 3. Development Impact 4. Cross-Cultural Understanding 7. Site Development 8. Train-Up
<p>Market research on core Volunteer prospects and their primary influencers. The agency is in the process of conducting a multiphase market research project to better understand the Peace Corps’ brand perception among core prospects, future prospects, and their primary influencers. The project will also enhance the agency’s understanding of the barriers to service among core and future prospects. The agency fielded initial questions in an online omnibus survey; the results informed the design of online qualitative research and live focus groups which will be fielded in FY 2015. Following the completion of the qualitative research, the agency will conduct large-scale quantitative research to help inform future messaging and marketing to prospective Volunteers.</p>	<ul style="list-style-type: none"> 2. Service Opportunity of Choice

Generating new insights through research	Related Strategic Objective
<p>Positive deviance approach to identify best practices in Volunteer health care. In August 2014, the Peace Corps convened a meeting of the top nine health units at overseas posts to better understand how they have achieved a high level of performance. The approach was designed to glean best practices from top performers, look for commonalities, and subsequently build the skills of medical units and improve health outcomes at posts with lower levels of performance. Through this approach, the agency will capitalize on the experience of experts in the field to enhance the support of Volunteers.</p>	<p>1. Volunteer Well-Being</p>

Evaluating Peace Corps processes, initiatives, and impact	Related Strategic Objective
<p>Volunteer Delivery System evaluation. The agency is in the preliminary stages of evaluating the effectiveness and impact of recent reforms to the Volunteer Delivery System. These reforms include changes to the application and selection process, a reorganization of the Office of Volunteer Recruitment and Selection, an increase in recruitment and placement staff, and investments in technology and public outreach. Potential evaluation topics may include the process through which the reforms were developed and implemented and the impact of the reforms on agency goals, including the number, quality, and diversity of applicants. The first phase of the evaluation is expected to be completed in FY 2015 to inform resource decisions for FY 2016 and beyond.</p>	<p>2. Service Opportunity of Choice</p>
<p>Quasi-experimental impact evaluation of the program in Kosovo. In FY 2014, the agency initiated the collection of baseline data for the new Volunteer program in Kosovo—the first stage of an eventual quasi-experimental impact evaluation. Over the course of the five year project, the agency will collect data to evaluate the impact of Volunteers on the overall Kosovar education system, teacher proficiency in English and teaching methods, student proficiency in English, and community members’ perceptions of Americans. Data will be collected from two comparison groups—communities where Volunteers serve and those that do not have a Volunteer. When completed, the evaluation is expected to provide clear evidence on the impact of Volunteers on development and cross-cultural outcomes. The agency expects to initiate similar evaluations for the new country entries and re-entries planned in FY 2015 (Burma, Comoros, and Timor Leste) as well as a new Volunteer project in Jordan (Youth in Development).</p>	<p>3. Development Impact 4. Cross-Cultural Understanding 11. Measurement for Results</p>

Evaluating Peace Corps processes, initiatives, and impact	Related Strategic Objective
<p>Country Portfolio Review. Each year, the agency conducts a comprehensive review of active and potential Peace Corps posts based on external and internal data. The Country Portfolio Review informs decisions about new country entries, country graduations (closures), and the allocations of Volunteers and other resources. The review conducted in FY 2014 focused on Volunteer safety and security, medical infrastructure, host country need, development impact, cross-cultural impact, host country commitment and engagement, post management, congruence with U.S. government development priorities, and cost. The review included data from the following external sources: the World Bank, United Nations Development Programme, the United Nations Office on Drugs and Crime, the U.S. Department of State, the Pew Research Center, Transparency International, the International Disaster Database, and the World Health Organization. Internal data sources included administrative and financial data, results from surveys of post staff, and AVS results. Through the review, the agency found regional disparities in both the complexity of operating environments and agency resource allocations. As a result, the agency reexamined staffing ratios at posts around the world in order to ensure that posts operating in particularly complex environments are adequately resourced to provide the highest possible quality of support to Volunteers.</p>	<ul style="list-style-type: none"> 1. Volunteer Well-Being 2. Service Opportunity of Choice 3. Development Impact 4. Cross-Cultural Understanding 7. Site Development 8. Train-Up
<p>Global analysis of the Host Country Impact Studies. The agency initiated a global analysis of the Host Country Impact Studies conducted between 2008–11. These country- and project-specific studies were designed to measure how effectively Volunteers’ activities met the technical needs of host countries and promoted a better understanding of Americans. A global analysis of these studies will provide the agency and external stakeholders with additional information and insights on the impact of Volunteers across several countries and projects. In FY 2014, the agency finalized the remaining technical reports and two-page summaries for the Host Country Impact Studies and made all of the studies and summaries available to the general public. The reports and summaries of all 24 studies are available at http://www.peacecorps.gov/about/open/evaluations/.</p>	<ul style="list-style-type: none"> 3. Development Impact 4. Cross-Cultural Understanding

Evaluating Peace Corps processes, initiatives, and impact	Related Strategic Objective
<p>Case study on the effects of Volunteers on smallpox eradication. In FY 2014, the agency studied the impact of Volunteers on smallpox eradication in the 1960s and '70s. The case study was informed by written records, recordings of interviews conducted by the Centers for Disease Control and Prevention, and additional interviews conducted by Peace Corps staff of Volunteers who participated in smallpox eradication projects during their service in Afghanistan, Ethiopia, and Zaire. The study is in progress, and the agency expects to publish findings in FY 2015. Initial findings provide evidence of the contributions of Volunteers to the global effort to eradicate smallpox as well as the effect of the eradication campaigns on the future careers of the Volunteers, many of whom leveraged their experience as Volunteers to play key roles in international eradication programs through the U.S. Agency for International Development, the Centers for Disease Control and Prevention, and the World Health Organization. In recalling the contributions of volunteers from the Peace Corps and other countries, the former head of the international eradication program at the World Health Organization noted, "As I look back on events, I doubt very much that without the [Peace Corps] input into these countries that we would have succeeded in sustaining the momentum of a global effort that required a group of determined young people who ignored the fact that many had pronounced the goal as 'unachievable.'" (January 2014 email) The agency also plans to conduct case studies on the contributions of Volunteers on polio and guinea worm eradication.</p>	<p>3. Development Impact</p> <p>5. Continuation of Service</p>
<p>Process evaluation of the Master Farmer Program in Senegal. The agency conducted an evaluation of the Master Farmer Program in Senegal—a program supported through a partnership with the U.S. Agency for International Development through the Feed the Future initiative. The goal of the Master Farmer Program is to improve food security for farmers and their families through the adoption of effective agriculture and agroforestry technologies. Through the process evaluation, the agency assessed the degree to which the program is meeting its intended objectives to provide Master Farmers with appropriate resources to develop a Master farm,</p>	<p>3. Development Impact</p>

Evaluating Peace Corps processes, initiatives, and impact	Related Strategic Objective
<p>support Master Farmers to conduct relevant trainings, and promote adoption of improved agricultural technologies and management practices by local farmers. Through direct observation, a review of secondary information about the program, and structured interviews with key informants and program participants, the agency found evidence that the program contributed to advances in food security and the use of effective agricultural technologies in local communities. The agency also found opportunities for improvement, including the need to decentralize program management and encourage Master Farmers' knowledge and skill development.</p>	

Piloting new approaches to solve persistent problems	Related Strategic Objective
<p>Vehicle fleet sustainability and cost-savings. The Peace Corps is testing new approaches to both “green” the vehicle fleet and achieve cost-savings in transportation. In FY 2014, the agency piloted a contract with a car-sharing company for the Midwest Regional Office in Chicago. Regional recruitment offices typically utilize vehicles purchased through the General Services Administration for use during recruitment trips to colleges, universities, and communities. The pilot tested the degree to which car-sharing provided recruitment staff with adequate access to transportation while simultaneously generating cost savings. In light of the results achieved through the pilot, the agency established a nationwide car-sharing contract for use by staff in all regional recruitment offices beginning in FY 2015. The agency is also piloting the use of a small fleet of Smart cars, wrapped with the Peace Corps logo, for recruitment and promotional activities. These “Peace Cars” are expected to reduce the agency’s carbon footprint, reduce transportation costs, and increase awareness of the Peace Corps.</p>	<p>2. Service Opportunity of Choice</p>
<p>Volunteer location mapping tool. The agency piloted and launched a tool for posts to develop interactive maps of Volunteer locations to improve the accuracy of the existing Volunteer locator forms utilized at posts. Developed originally by the Senegal post, the new tool will improve the site management process by providing a more accurate picture of Volunteer distributions across different regions in a country and will enhance each post’s emergency action plan by providing a clear record and visual representation of each Volunteer’s location.</p>	<p>1.Volunteer Well-Being 7. Site Development 10. Global Connectivity</p>

Strengthening agency capacity to use evidence	Related Strategic Objective
<p>Monitoring, reporting, and evaluation (MRE) task force. The agency established an MRE task force to clarify the roles, responsibilities, and opportunities for collaboration among the offices and staff with evaluation and research functions. Monitoring, reporting, and evaluation practices are conducted at all levels within the agency. Through the task force, the agency will advance an integrated approach to MRE that expands and rationalizes the dissemination of data, information, and evidence to support well-informed decision making.</p>	11. Measurement for Results
<p>Office- and system-based dashboards. The agency developed new dashboards for several offices and major systems to provide agency leadership and staff with timely, actionable, and meaningful information to inform decisions. In FY 2014, the agency implemented an agencywide dashboard to monitor the Volunteer Delivery System—the system for requesting, recruiting, selecting, and fielding Volunteers. The Europe, Mediterranean, and Asia Region; the Office of the Chief Information Officer; the Office of Global Operations; and, the Office of the Third Goal and Returned Volunteer Services have also developed dashboards for internal management purposes.</p>	11. Measurement for Results
<p>Investments in MRE capacity at posts. The agency enhanced the MRE skills of staff at overseas posts through targeted workshops and trainings related to data collection, analysis, and reporting. The agency is also in the process of increasing MRE staff at posts to support decision-making processes at posts and headquarters.</p>	11. Measurement for Results

Audits and Evaluations conducted by the Office of Inspector General

The Peace Corps Office of Inspector General (OIG) regularly conducts audits and evaluations of the effectiveness of programs that support Volunteers. The objectives of OIG audits and evaluations vary by project, but most aim to recommend improvements that will increase the effectiveness and efficiency of Peace Corps operations and strengthen the agency's ability to implement country programs that increase host country capacity. OIG audits and evaluations are submitted to agency leadership, which then takes appropriate action to address the concerns that have been identified. Open recommendations are tracked by the agency's chief compliance officer, who is responsible for assuring that actions are documented and advising OIG when actions have been confirmed.

The OIG conducted the following program evaluations and performance audits in FY 2014. A complete list of all OIG audits and evaluations conducted during FY 2014 may be found at <http://www.peacecorps.gov/about/inspgen/reports/>.

<p>Final Evaluation Report on the Peace Corps Sexual Assault Risk Reduction and Response Training (IG-14-01-E)</p>	<p>The OIG evaluated the effectiveness and implementation of the sexual assault risk reduction and response training for Volunteers, including the information provided to applicants as mandated by the Kate Puzey Peace Corps Volunteer Protection Act of 2011, the use of field experts and best practices in the design of the sexual assault training, the extent to which the sexual assault training was tailored to the Volunteers' country of service, and the overall effectiveness of the sexual assault training among Volunteers.</p>
<p>Final Evaluation Report on the Peace Corps Volunteer Sexual Assault Policy (IG-14-02-E)</p>	<p>The OIG evaluated the effectiveness and implementation of the sexual assault policy, including a case review of a statistically significant number of cases. The evaluation focused on the implementation of a sexual assault policy that complies with the Kate Puzey Peace Corps Volunteer Protection Act of 2011, implementation of a mandatory training program for all overseas staff on the Peace Corps' sexual assault policy, and implementation of services for all victims of sexual assault as mandated by the Kate Puzey Act.</p>
<p>Special Review: Lessons Learned from New Country Entries</p>	<p>The OIG synthesized and highlighted lessons learned from previous OIG reports to provide insight and guidance on the opening or re-opening of posts. Through a review of 33 OIG reports issued from 1990–2013 on newly opened or re-opened posts, the study addresses what strategies and best practices have proven effective in opening new posts, what common challenges were encountered in opening new posts, and the extent to which the agency has adequately addressed the challenges of opening posts.</p>

<p>Country Program Evaluations Peace Corps/Ecuador (IG-14-03-E) Peace Corps/Mexico (IG-14-04-E) Peace Corps/Armenia (IG-14-05-E) Peace Corps/Philippines (IG-14-06-E)</p>	<p>Through country program evaluations, the OIG assessed the extent to which each post developed and implemented programs intended to increase the capacity of host country communities to meet their own technical needs. Programs were generally evaluated across four focus areas: project objectives, site development and monitoring, coordination with host country project partners, and counterpart selection.</p>
<p>Final Audit Report: Peace Corps Overseas Staffing (IG-14-01-A)</p>	<p>The objectives of the OIG audit were to determine how country directors are hired and terminated; determine how overseas staff are hired; and assess how country directors are evaluated. Two primary focus areas in the audit include how the performance plans mandated by the Kate Puzey Peace Corps Volunteer Protection Act of 2011 have been implemented and how Volunteer feedback provided in the AVS was considered.</p>
<p>Final Report on the Audit of Peace Corps Applicant Screening Process (IG-14-04-A)</p>	<p>The objectives of the OIG audit were to determine whether the Office of Volunteer Recruitment and Selection had sufficient and reliable information to make appropriate suitability and eligibility determinations for Volunteer applicants; determine whether the Peace Corps' applicant screening process was consistent with the screening practices of other major volunteer organizations; and evaluate the prevalence, characteristics, and outcomes of serious Volunteer misconduct.</p>

Financial Section



Message from the Chief Financial Officer

The agency achieved an unmodified (clean) audit opinion on the financial statements during the FY 2014 financial statement audit and no material weaknesses were identified. There were, though, three instances of noncompliance with laws and regulations identified and one nonconformance with financial management system requirements for the Federal Information Security Management Act of 2002. Additionally, three significant deficiencies were identified in the audit report. The current status of the significant deficiencies, the noncompliances, and the system nonconformance are shown in Appendix 1 along with corrective actions.

While the agency received an unmodified (clean) audit opinion on its FY 2013 financial statement preparation, one material weakness, three significant deficiencies, and three instances of noncompliance with laws and regulations were identified during the Kearney & Company FY 2013 financial statement audit and the FY 2012 financial statements were restated. Prior to this audit, no material weaknesses had been identified since FY 2006 and there were no prior instances of noncompliance with laws and regulations.

This year, my staff worked very hard and resolved the financial management analysis and reporting material weakness identified in FY 2013 by strengthening review and oversight internal controls, ensuring fund balances were properly reported and maintaining a constant review of the calculation of Separation Liabilities for the Foreign Service Nationals (FSN) and the Personal Services Contractors (PSC). Treatment of the Proceeds of Sale and the Estimation of Collections were properly reported in FY 2014, and there are no further issues. We remain firmly committed to attaining the highest standard for financial accountability and reporting and have redoubled our efforts toward achieving that goal.

Although my staff and managers across the agency worked to resolve the three significant deficiencies in internal control identified in the FY 2013 financial statement audit, those efforts were not sufficient to eliminate all significant deficiencies, only the Accounts Payable Accrual Significant Deficiency. There, we refined the methodology for review of the Accounts Payable Accrual (New condition in FY 2013) and trained contract officer technical representatives and internal CFO staff in order to resolve this audit condition.

The significant deficiencies that remain open from the FY 2013 audit are Property, Plant, and Equipment (Repeat Condition), and Information Technology Security (Repeat Condition). Resolution of the Property, Plant, and Equipment (PP&E) is expected during FY 2015 when full implementation of the newly acquired Asset Management System occurs. The contract was recently awarded for this system and a major project is underway involving several organizations responsible for the reporting and management of PP&E. Information Technology Security corrective actions include securing a centrally located federal repository for Plan of Action and Milestones mitigation and purchasing AlienVault Security Information and Event Management (SIEMs) for continuous monitoring of the EMA posts. See Appendix 1 for corrective actions completed for these significant deficiencies and planned for the future.

The three new instances of noncompliance with laws and regulations cited in the FY 2013 financial statement audit were (1) OMB Circular A-11, Preparation, Submission, and Execution of the Budget, (2) Federal Managers' Financial Integrity Act (FMFIA) of 1982 and (3) Federal Information Security Management Act (FISMA) of 2002. Proper financial reporting by the agency on the Statement of Budgetary Resources, and the SF 132, Apportionment and Reapportionment Schedule, was accomplished during FY 2014 that satisfied the OMB Circular A-11 and the FMFIA noncompliances. During FY 2014, all FISMA System Inventory boundaries were identified and actions are in progress to identify and analyze all external connections. See Appendix 1 for corrective actions completed for this noncompliance and planned for the future.

In FY 2014, the agency was appropriated \$379 million to accomplish our mission and more fully support the work of the Volunteers through their 27 months of service. This compares favorably with the slightly more than \$356 million appropriated during FY 2013 with its sequestration budget cuts. As of September 30, the Peace Corps was actively operating in 64 countries and had processed financial transactions in 75 currencies during the year.

The successful evacuation in August of Guinea, Liberia, and Sierra Leone at one time due to the spread of Ebola in West Africa caused widespread financial issues with critical time constraints, proper payments, logistical support, and extra staffing hours.

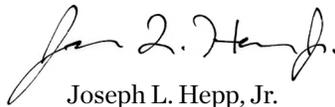
During FY 2014, the following financial management improvements were implemented:

- Became a full “CARS” Reporter (Central Accounting and Reporting System) under the Treasury’s Government Wide Accounting initiative by redesigning payment and collections processing and financial reporting
- Launched page on the FOREIGNASSISTANCE.GOV website for the reporting of historical and quarterly financial information by Peace Corps country and program sector, including Peace Corps’ spending of President’s Emergency Plan for AIDS Relief (PEPFAR) funds
- Completed the projected update to Hyperion Planning (the budget formulation and analysis software used by the agency) to provide posts and domestic offices with enhanced functionality and to stay current with other Information Technology (IT) infrastructure improvements
- Successfully transitioned the agency month-end balance reporting via the Governmentwide Treasury Account Symbol Adjusted Trial Balance System beginning in Quarter 1
- Incorporated the Office of Acquisitions and Contracts Management into the CFO to gain greater efficiencies in operation and coordination efforts

Looking forward to FY 2015, the agency will submit data reports to OMB during the phased implementation of the Digital Accountability and Transparency Act of 2014 (DATA ACT). In FY 2016, the DATA ACT will require agencies to publicly report detailed spending data on USASpending.gov, moving toward governmentwide standards for financial data and streamlining agency reporting requirements.

The audited financial statements and notes that follow are reliable and complete and were prepared in accordance with generally accepted accounting principles for federal government entities.

My staff and the financial management personnel located throughout the regions, posts, and headquarters offices continuously work toward achieving new financial management improvements with the goal of improving the lives of our Volunteers. Our efforts continue to promote more effective internal controls and to resolve audit recommendations.



Joseph L. Hepp, Jr.
Chief Financial Officer
November 17, 2014

Financial Statements

Peace Corps Balance Sheets As of September 30, 2014 and 2013 *(In Thousands)*

	<u>2014</u>	<u>2013</u>
Assets		
Intragovernmental		
Fund Balance With Treasury (Notes 2 and 3)	\$ 211,369	\$ 188,687
Accounts Receivable (Note 4)	2,758	2,958
Total Intragovernmental	214,127	191,645
Accounts Receivable, Net (Note 4)	334	208
General Property, Plant, and Equipment, Net (Note 5)	34,556	29,987
Other		
Prepaid Volunteer Living Allowances (Note 6)	1,836	2,010
Other Assets (Note 7)	3,890	3,440
Total Assets	\$ 254,743	\$ 227,290
Liabilities		
Intragovernmental		
Accounts Payable	\$ 396	\$ 1,074
Other		
Unfunded FECA Liability (Note 8)	33,348	32,297
Other Liabilities (Note 9)	71	224
Total Intragovernmental	33,815	33,595
Accounts Payable	9,487	10,887
Federal Employee and Veterans Benefits (Note 8)	149,107	153,397
Other		
Other Employment Related Liability (Note 8)	333	98
Non-Entity Funds (Note 2)	20,225	23,400
Accrued Funded Payroll and Leave	3,253	2,394
Unfunded Annual Leave (Note 8)	10,289	9,755
Other Liabilities (Notes 9 and 11)		
FSN and PSC Severance Liability	25,849	24,643
Other Liabilities	202	935
Total Liabilities	252,560	259,104
Commitments and Contingencies (Note 11)		
Net Position		
Unexpended Appropriations	158,343	129,818
Cumulative Results of Operations	(156,160)	(161,632)
Total Net Position	\$ 2,183	\$ (31,814)
Total Liabilities and Net Position	\$ 254,743	\$ 227,290

The accompanying notes are an integral part of these statements

Peace Corps
Statements of Net Cost
For The Years Ended September 30, 2014 and 2013
(In Thousands)

	<u>2014</u>	<u>2013</u>
Program Costs:		
Gross Costs	\$ 364,502	\$ 381,873
Less: Earned Revenue (Note 12)	<u>(10,040)</u>	<u>(10,031)</u>
Net Cost of Operations	<u>\$ 354,462</u>	<u>\$ 371,842</u>

The accompanying notes are an integral part of these statements

Peace Corps
Statements of Changes in Net Position
For The Years Ended September 30, 2014 and 2013
(In Thousands)

	<u>2014</u>	<u>2013</u>
Cumulative Results of Operations:		
Beginning Balances	\$ (161,632)	\$ (140,283)
Budgetary Financing Sources:		
Appropriations Used	350,413	339,336
Donations and Forfeitures of Cash and Cash Equivalents	2,846	387
Transfers-In/Out Without Reimbursement	-	5,280
Other Financing Sources (Non-Exchange):		
Transfers-In/Out Without Reimbursement	510	(154)
Imputed Financing (Note 18)	6,165	5,644
	<hr/>	<hr/>
Total Financing Sources	359,934	350,493
Net Cost of Operations	354,462	371,842
Net Change	<hr/> 5,472	<hr/> (21,349)
Cumulative Results of Operations	(156,160)	(161,632)
Unexpended Appropriations:		
Beginning Balance	129,818	114,526
Budgetary Financing Sources:		
Appropriations Received	379,000	375,000
Other Adjustments	(62)	(20,372)
Appropriations Used	(350,413)	(339,336)
Total Budgetary Financing Sources	<hr/> 28,525	<hr/> 15,292
Total Unexpended Appropriations	158,343	129,818
Net Position	<hr/> \$ 2,183	<hr/> \$ (31,814)

The accompanying notes are an integral part of these statements

Peace Corps
Statements of Budgetary Resources
For The Years Ended September 30, 2014 and 2013
(In Thousands)

	<u>2014</u>	<u>2013</u>
Budgetary Resources:		
Unobligated Balance Brought Forward, Oct 1	\$ 72,018	\$ 71,109
Recoveries of Prior Year Unpaid Obligations	11,616	10,237
Other Changes in Unobligated Balance	(62)	(1,391)
Unobligated Balance from Prior Year Budget Authority, Net	83,572	79,955
Appropriations (Discretionary and Mandatory)	379,006	360,578
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	16,967	7,268
Total Budgetary Resources	<u>\$ 479,545</u>	<u>\$ 447,801</u>
Status of Budgetary Resources:		
Obligations Incurred (Note 13)	\$ 388,184	\$ 375,783
Unobligated Balance, End of Year:		
Apportioned	79,458	60,180
Exempt from Apportionment	2,102	4,488
Unapportioned	9,801	7,350
Total Unobligated Balance, End of Year	<u>91,361</u>	<u>72,018</u>
Total Budgetary Resources	<u>\$ 479,545</u>	<u>\$ 447,801</u>
Change in Obligated Balance		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, Oct 1	\$ 97,280	\$ 92,209
Obligations Incurred	388,184	375,783
Outlays (Gross)	(367,256)	(360,475)
Recoveries of Prior Year Unpaid Obligations	(11,616)	(10,237)
Unpaid Obligations, End of Year	106,592	97,280
Uncollected Payments:		
Uncollected Pymts, Fed Sources, brought forward, Oct 1	(4,011)	(10,371)
Change in Uncollected Pymts, Fed Sources	(2,798)	6,360
Uncollected Pymts, Fed Sources, End of Year	(6,809)	(4,011)
Memorandum (non-add) entries:		
Obligated Balance, Start of year	\$ 93,269	\$ 81,838
Obligated Balance, End of year	<u>\$ 99,783</u>	<u>\$ 93,269</u>
Budget Authority and Outlays, Net		
Budget Authority, Gross (Discretionary and Mandatory)	\$ 395,973	\$ 367,846
Actual Offsetting Collections (Discretionary and Mandatory)	(14,169)	(12,912)
Change in Uncollected Pymts, Fed Sources (Discretionary and Mandatory)	(2,798)	6,360
Budget Authority, Net	<u>\$ 379,006</u>	<u>\$ 361,294</u>
Outlays, Gross (Discretionary and Mandatory)	<u>\$ 367,256</u>	<u>\$ 360,475</u>
Actual Offsetting Collections (Discretionary and Mandatory)	(14,169)	(12,912)
Outlays, Net (Discretionary and Mandatory)	<u>353,087</u>	<u>347,563</u>
Distributed Offsetting Receipts	(1,193)	(1,770)
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$ 351,894</u>	<u>\$ 345,793</u>

The accompanying notes are an integral part of these statements

Notes to the Financial Statements

Note 1 Significant Accounting Policies

a) Reporting Entity

The Peace Corps was initially established by President John F. Kennedy pursuant to Executive Order 10924 on March 1, 1961, and was subsequently formalized by the Peace Corps Act of 1961. The Peace Corps is an independent agency within the executive branch of the United States government.

The core mission of the Peace Corps is to promote world peace and friendship by making available to interested, less developed countries men and women of the United States qualified for service abroad and willing to serve, even under conditions of hardship if necessary. The Peace Corps' goals are to help the people of interested countries in meeting their need for trained men and women; to help promote a better understanding of Americans on the part of the peoples served; and to help promote a better understanding of other peoples on the part of Americans.

b) Basis of Presentation

The financial statements present the financial position, the net cost of operations, and changes in net position, along with budgetary resources activities of the agency pursuant to the requirements of 31 U.S.C. 3515(b). They have been prepared using Peace Corps' books and records in accordance with agency accounting policies, the most significant of which are summarized in this note. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements are presented in accordance with the applicable form and content requirements of OMB Circular A-136, Financial Reporting Requirements, issued September 18, 2014. The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

The financial activities of the agency are categorized between entity and non-entity assets and reported and non-reported balances. Entity assets are those assets which the agency has authority to use in its operations, while non-entity assets are assets that are currently held by the Peace Corps but are not available for use by the agency. Although both entity and non-entity assets are in the custody and management of the agency, they are reported but segregated for presentation purposes.

The Peace Corps' accounting policies follow Federal Accounting Standards Advisory Board standards and other generally accepted accounting principles for the United States federal government.

The financial statements represent intragovernmental and public activities. The intragovernmental balances, revenues, and costs reflect financial transactions between the Peace Corps and other federal agencies. Public activities are those with non-governmental customers, including Volunteers, contributors, employees, contractors, and vendors.

Federal Financial Statements

Statement	Federal Objective
Balance Sheet	Reflects the agency's financial position as of the statement date. The assets are the amount of current and future economic benefits owned or managed by the agency. The liabilities are amounts owed by the agency. The net position is the difference between the assets and liabilities.
Statement of Net Cost	Shows separately the components of the net cost of the agency's operations for the period. Net cost is equal to the gross cost incurred by the agency, less any exchange revenue from its activities.
Statement of Changes in Net Position	Explains how the net cost of the agency's operations was funded, and reports other changes in the equity that are not included in the Statement of Net Cost. It reflects the changes in both the proprietary and the budgetary activities through the respective components: Cumulative Results of Operations and Unexpended Appropriations.
Statement of Budgetary Resources	Provides information about how the budgetary resources were made available as well as their status at the end of the period. It is the only financial statement exclusively derived from the agency's budgetary general ledger in accordance with budgetary accounting rules.

c) Basis of Accounting

Accounting principles encompass both accrual and budgetary transactions. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or

payment of cash. Under the budgetary basis, however, fund availability is recorded based upon legal considerations and constraints. The agency receives financing sources through direct appropriations from the general fund of the U.S. Treasury and offsetting collections to support its operations. "Appropriations Used" recognizes that appropriation authority has been applied against received goods and services.

d) Fund Accounting Structure

The agency's financial activities are accounted for by the U.S. Treasury Appropriation Fund Symbols. They include accounts for appropriated funds and other fund groups described below for which the Peace Corps maintains financial records.

General Funds - These funds consist of the receipts and expenditures by the Peace Corps that are not earmarked by law for a specific purpose and used to fund agency operations and capital expenditures.

Special or Trust Funds - These funds consist of receipts and expenditures by the Peace Corps for carrying out specific purposes and programs in accordance with terms of the statute that designates the fund as a special fund or trust fund.

Deposit Funds - These funds consist of monies held temporarily by the Peace Corps as an agent for others. These include allowance and allotment accounts for employees and Volunteers. The balances in these funds are non-entity assets and are only reported on the face of the Balance Sheet.

General Fund Receipt Accounts - These funds consist of monies collected by the Peace Corps that are returned to the U.S. Treasury and not available for Peace Corps' use. The balances in these funds are excluded from the financial statements.

e) Budget Authority

Congress annually passes multi-year appropriations that provide the agency with authority to obligate funds over a two-year period for necessary expenses to carry out operations. After the right to create new obligations has expired, this two-year budget authority is available for five additional years for adjusting obligations and for completing the liquidation of open obligations, advances, and receivables. After the five-year period, all open transactions for the respective fiscal year will be cancelled and funds will be returned to the U.S. Treasury. Any valid claims associated with these funds after closure must be processed against current year appropriations.

In addition, Congress enacts no-year appropriations that are available until expended. All appropriations are subject to OMB apportionment as well as Congressional restrictions. The agency places internal restrictions to ensure the efficient and proper use of all funds.

Peace Corps has discretionary and mandatory spending of its budget authority. The general funds, which are funded by multi-year appropriations from Congress are discretionary. The special and trust funds, which were authorized by permanent laws are considered mandatory spending for donations received from the private entities and to account for retirement and severance of Host Country Resident Personal Services Contractors and Foreign Service Nationals.

f) Revenues and Other Financing Sources

Peace Corps' operations are financed through appropriations, proceeds from the sale of property, and inter-agency agreements. For financial statement purposes, appropriations are recorded as a financing source and reported on the Statement of Changes in Net Position at the time they are recognized as expenditures.

g) Fund Balance with the Treasury

Fund Balance with the U. S. Treasury consists of general, special, and trust funds that are available to pay current liabilities and finance authorized purchase commitments, and special funds that periodically are direct-financing reimbursements to the appropriated funds.

The agency does not maintain agency cash in commercial bank accounts. All cash receipts and disbursements are processed by the U.S. Treasury or the Department of State (DOS).

The funds that make up post cashiers' imprest funds belong to the U.S. Treasury through DOS's accountability.

These funds are routinely used to pay for small-value purchases of goods and services and are also used to make an occasional emergency payment. Per agreement with DOS, the Peace Corps is responsible for paying for any losses incurred by the cashiers that would normally fall on the account holder. All international payments made by DOS on behalf of the Peace Corps are charged to the Peace Corps and reduce the applicable Peace Corps' appropriation unexpended balance in U.S. Treasury records. As of September 30, 2014, cashier imprest funds represented by cash on hand, checks on hand, interim advances, and cashier checking account balances totaled approximately \$1,003,871 in U. S. dollar equivalents.

Fund balance with Treasury is carried forward until such time as goods or services are received and payment is made, or until the funds are returned to the U.S. Treasury.

h) Foreign Currency

Accounting records for the agency are maintained in U.S. dollars, while a significant amount of the overseas expenditures are in foreign currencies. For accounting purposes, overseas obligations and disbursements are recorded in U.S. dollar equivalents, based on the budgeted rate of exchange as of the date of the transaction. Foreign currency payments are made by the U.S. disbursing officers located at the Global Financial Services centers in Charleston, South Carolina, and Bangkok, Thailand.

i) Accounts Receivable

Accounts receivable includes amounts due from other federal entities and from current and former employees and Volunteers. Annually, a determination of the amount of the Allowance for Doubtful Accounts will be established for material amounts of nonfederal (public) debt exceeding \$30,000. The agency recognizes an Allowance for Doubtful Accounts when it is determined that the amounts are not likely to be collected. Accounts with approved payment plans in place and for which the debtor is meeting the terms of the plan are exceptions to this write-off policy.

j) Advances and Prepayments

Payments in advance of the receipt of goods and services are recorded as advances and recognized as expenses when the related goods and services are received. Advances are made principally to agency employees for official travel and prepayments to Volunteers for living allowances.

Pursuant to Section 5(b) of the Peace Corps Act, Peace Corps Volunteers are entitled to a living allowance in order that they may serve effectively and safely overseas. Living allowances are paid to Volunteers to provide support while in their country of assignment. Allowances are based on local living standards and costs, including food, clothing, household items, rent, utilities, and local transportation.

k) Property, Plant, and Equipment (PP&E)

The agency capitalizes property, plant, and equipment that has an individual acquisition cost of \$25,000 or greater, a useful life of two years or more, is not intended for sale in the ordinary course of business, and is intended to be used or available for use by the entity. Aggregate purchases of General Property, Plant, and Equipment in the amount of \$500,000 or greater are capitalized. Costs incurred for major building rehabilitations of \$25,000 or greater are initially recorded as Construction in Progress then after project completion are transferred to Leasehold Improvement and amortized over the remaining life of the lease. Software purchased for \$25,000 or developed for internal use at a cost of \$25,000 or greater is capitalized and amortized over its expected life (currently three to nine years). IT hardware is capitalized and amortized over its expected life of three to fifteen years. Vehicles in the amount of \$10,000 and over are capitalized over their useful life of five years for assets acquired FY 2013 and prior and six years for purchases made on or after FY 2014. The agency uses an estimated salvage value of 40 percent for vehicles. Land and anything attached to it, such as buildings, located overseas are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten year asset life. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost and depreciated using the straight-line method.

l) Accounts Payable and Other Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid as the result of a transaction

or event that has already occurred. Liabilities classified as not covered by budgetary resources are liabilities for which appropriations have not been enacted.

m) Employee Benefits

- I. *Federal Employees' Compensation Act (FECA) Accrued Claims* - FECA provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases through the Department of Labor (DOL). The FECA liability consists of two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the Peace Corps. The Peace Corps reimburses DOL as funds are appropriated for this purpose, generally resulting in a two-year lag in payment. This is the liability for the actual claims paid by DOL to be reimbursed by the Peace Corps.
- II. *Future Workers Compensation Benefits* - The second component of FECA is the estimated actuarial liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. DOL determines this component annually as of September 30, and the Peace Corps recognizes an unfunded liability to DOL for estimated future payments.
- III. *Accrued Leave* - A liability for annual leave is accrued as leave is earned and paid when leave is taken or employment terminates. Accrued annual leave is paid from future funding sources and is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.
- IV. *Employee Health Benefits and Life Insurance* - The agency's employees are eligible to participate in the contributory Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program. The agency contributes to each program to pay for current benefits.
- V. *Post-Retirement Health Benefits and Life Insurance* - Agency employees who may be eligible to participate in the Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program could continue to do so during retirement. The Office of Personnel Management (OPM) has provided the agency with cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The agency recognizes a current cost for these and other retirement benefits at the time of employment with the agency. The other retirement benefit expense is financed by OPM and offset by the agency through the recognition of an imputed financing source on the Statement of Changes in Net Position.
- VI. *Employee Retirement Benefits* - Peace Corps direct hire employees participate in one of three retirement systems: Civil Service Retirement System, Federal Employees Retirement System, or the Foreign Service Retirement and Disability System. Foreign Service National (FSN) employees at overseas posts who were hired prior to January 1, 1984, are covered under the Civil Service Retirement System. FSNs hired after that date, as well as most host country residential personal services contractors (PSC), are covered under a variety of local compensation plans in compliance with the host country's local laws and regulations.

The Peace Corps recognizes its share of the cost of providing future pension benefits to eligible employees throughout their period of employment. The pension expense not covered by budgetary resources is calculated using actuarial factors provided by OPM and is considered imputed cost to the agency.
- VII. *Valuation of Host Country Resident Personal Services Contractor Severance and Retirement Liability* - The Peace Corps is generally liable for separation or retirement payments to eligible PSCs in countries that require payments under local labor laws. The estimate of the current and future costs of the severance and retirement liability is determined quarterly.
- VIII. *Valuation of Foreign Service National Liability* - The Peace Corps is generally liable for separation or retirement payments to foreign service nationals who are employed by the agency in countries that require payments under local labor laws. The estimate of the current and future costs of the severance and retirement liability is determined quarterly.

n) Commitments and Contingencies

The agency is involved in various administrative proceedings, legal actions, and claims arising in the ordinary

course of business. Contingencies are recognized as a liability when a future outflow or other sacrifice of resources is probable and measurable.

o) Funds from Dedicated Collections

Under 22 U.S.C § 2509(a)(4) of the Peace Corps Act, the agency is authorized to accept gifts of voluntary service, money, or property, for use in the furtherance of the purposes of its mission. The donated monies received by the agency from non-federal sources meet the prescribed criteria of Funds from Dedicated Collections. The amount of donations received was \$1,836,567 as of September 30, 2014 and \$2,564,495 as of September 30, 2013.

p) Use of Estimates

The preparation of financial statements required management to make some estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the amount of revenues and costs reported during the period. Actual results could differ from those estimates.

q) Interest on Late Payments

Occasionally, the agency incurs interest penalties on late payments. Such interest penalties are paid to the respective vendor in accordance with the guidelines mandated by the Prompt Payment Act, P.L. 97-177, as amended.

r) Intragovernmental Net Costs

The Statement of Net Cost is consolidated for the agency using a budget functional classification code. This code is used to classify budget resources presented in the budget of the United States government per OMB. The agency is categorized under budget functional classification code number 150—International Affairs. Gross cost and earned revenues from other intragovernmental agencies (reimbursable agreements) fall under this code.

s) Adjustments to Maintain Inherent Account Relationship Integrity

The agency performs analytical tie-points to maintain inherent accounts relationships between proprietary and budgetary accounts, in compliance with United States Standard General Ledger posting logic. Adjustments are made at the appropriation fund code level prior to the submission of the agency's monthly trial balance via Treasury's Governmentwide Treasury Account Symbol Adjusted Trial Balance System.

t) Allocation Transfer

The Peace Corps is a party to allocation transfers with the DOS as a receiving (child) entity. Allocation transfers are legal delegations by one agency of its authority to obligate budget authority and outlay funds to another agency. A separate fund account (allocation account) is created in the U. S. Treasury as a subset of the parent fund account (DOS) for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity (Peace Corps) are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. All financial activity related to these allocation transfers (e.g., budget authority, obligations, and outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived.

u) Fiduciary Activities

Fiduciary activities consist of Host Country Contributions provided to the Peace Corps by the host country government which are accepted under the authority of Section 22 U.S.C. 2509(a)(4) of the Peace Corps Act. These contributions provide host country support for the Peace Corps and help defray expenses, enabling the agency to use its budget more effectively. The host country retains ownership though the funds are deposited in special foreign currency accounts in the U.S. Treasury. Any funds not used are returned to the host country.

Note 2 Non-Entity Assets

Non-entity assets are composed of deposit fund and clearing accounts. These funds are not available for the use of the Peace Corps and are not part of the Peace Corps' resources. The Peace Corps monitors collections, status, and

distribution. Below, as information, are the U.S. Treasury fund balances of non-entity assets which are non-governmental.

Non-Entity Assets	September 30, 2014 <i>(In Thousands)</i>	September 30, 2013 <i>(In Thousands)</i>
Deposit Fund	\$ 19,806	\$ 22,891
Clearing Accounts	419	509
Total Non-Entity Assets	20,225	23,400
Total Entity Assets	234,518	203,890
Total Assets	\$ 254,743	\$ 227,290

Deposit Fund - The deposit fund is comprised of the Volunteer readjustment allowance earned by Volunteers for each month of satisfactory service and payable upon their return to the United States.

Clearing Accounts - The proceeds of sales funds represent cash received from the sale of assets, primarily vehicles, and are available once transferred to Peace Corps appropriated funds to be reinvested in a like-kind replacement purchase (e.g., proceeds from vehicle sales used to purchase replacement vehicles).

Note 3 Fund Balance with Treasury		
Fund Balances	September 30, 2014 <i>(In Thousands)</i>	September 30, 2013 <i>(In Thousands)</i>
Appropriated Funds	\$ 163,143	\$ 136,297
Special Funds	22,460	24,157
Trust Funds	5,541	4,833
Non-Entity Assets (Note 2)	20,225	23,400
Total	\$ 211,369	\$ 188,687
Status of Fund Balance with Treasury		
	September 30, 2014 <i>(In Thousands)</i>	September 30, 2013 <i>(In Thousands)</i>
Unobligated Balance		
Available	\$ 81,560	\$ 64,668
Unavailable	9,801	7,350
Obligated Balance Not Yet Disbursed	99,783	93,269
Non-Budgetary FBWT	20,225	23,400
Total	\$ 211,369	\$ 188,687

The Fund Balance with Treasury is equal to the unobligated balance of funds plus the obligated balance not yet disbursed.

Available Unobligated Balance - Composed of apportionments available for allotment plus allotments available for obligation or commitment.

Unavailable Unobligated Balance - Composed of unapportioned authority plus unobligated appropriation authority from prior years that is no longer available for new obligations. This latter authority is only available for adjustments to existing obligations.

Non-Budgetary Fund Balance with Treasury - This represents non-entity assets of the agency.

Note 4 Accounts Receivable, Net			
Accounts Receivable as of September 30, 2014 (In Thousands)	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	\$ 2,758	\$ -	\$ 2,758
Other	334	-	334
Total	\$ 3,092	\$ -	\$ 3,092
Accounts Receivable as of September 30, 2013 (In Thousands)	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	\$ 2,958	\$ -	\$ 2,958
Other	208	-	208
Total	\$ 3,166	\$ -	\$ 3,166

Intragovernmental receivables are due from other federal agencies for services provided under reimbursable agreements.

Other accounts receivable are due from nonfederal entities, consisting primarily of receivables from employees. Based upon the agency's policy, it was determined that the establishment of an Allowance for Doubtful Accounts was not necessary as of September 30, 2014 and September 30, 2013.

Note 5 General Property, Plant, and Equipment, Net				
Components of Fixed Assets as of September 30, 2014 (In Thousands)	Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Land		\$ 43	\$ -	\$ 43
Buildings	10	463	116	347
Construction in Progress		417	-	417
General Property, Plant, and Equipment	5–10	4,735	1,932	2,803
Vehicles	5-6	23,768	8,962	14,806
IT Hardware	3–15	19,500	13,444	6,056
Leasehold Improvements	2–10	6,338	2,869	3,469
Internal-Use Software in Development		4,564	-	4,564
Internal-Use Software	3–9	35,361	33,310	2,051
Total		\$ 95,189	\$ 60,633	\$ 34,556
Components of Fixed Assets as of September 30, 2013 (In Thousands)	Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Land		\$ 43	\$ -	\$ 43
Buildings	10	463	49	414
Construction in Progress		-	-	-
General Property, Plant, and Equipment	5–10	4,640	1,494	3,146
Vehicles	5	21,180	8,240	12,940
IT Hardware	3–15	16,304	12,460	3,844
Leasehold Improvements	2–10	6,162	1,895	4,267
Internal-Use Software in Development		1,684	-	1,684
Internal-Use Software	3–9	35,576	31,927	3,649
Total		\$ 86,052	\$ 56,065	\$ 29,987

As of September 30, 2014, Peace Corps' fixed assets include internally developed software and those assets that are reflected as active in the property management databases. These assets are located at headquarters in Washington, D.C.,

the seven regional offices, and the overseas posts. Values for all assets other than internally developed software were obtained from data extracted from the databases. Values for internally developed software were derived from the most reliable available data for each system.

In FY 2014, a donation of land rights with a fair market value of \$58,200 was received under the agency's authority to receive gifts and contributions. The property was sold by the agency in the same year. Proceeds from the sale were restricted, as stipulated by the donor, for a specific purpose. Other than conditional donated properties, there are no restrictions on the use or convertibility of General Property, Plant, and Equipment owned by the Peace Corps.

Note 6 Prepaid Volunteer Living Allowances		
	September 30, 2014	September 30, 2013
	<i>(In Thousands)</i>	<i>(In Thousands)</i>
Prepaid Volunteer Living Allowances	\$ 1,836	\$ 2,010

Prepaid Volunteer Living Allowances - Payments of Volunteer living allowances are made prior to the entitlement month so the posts can ensure timely payments of the allowances to the Volunteers. These payments are pre-positioned so that Volunteers will not incur a financial burden for their living costs.

Note 7 Other Assets		
	September 30, 2014	September 30, 2013
	<i>(In Thousands)</i>	<i>(In Thousands)</i>
Travel Advances to Employees	\$ 403	\$ 451
Relocation Advances to Employees	-	27
Prepaid Rent	2,908	2,870
Other Advances	579	92
Total Other Assets	\$ 3,890	\$ 3,440

Travel Advances to Employees - Travel advances are provided to employees when appropriate. Advances remain in the financial records until they are offset against travel entitlements or collected.

Relocation Advances to Employees - Direct-hire employees are provided a relocation advance when appropriate.

Prepaid Rent - Prepaid Rent includes the advance payment for some of the residential and commercial office spaces in support overseas operations.

Note 8 Liabilities Not Covered by Budgetary Resources		
	September 30, 2014	September 30, 2013
	<i>(In Thousands)</i>	<i>(In Thousands)</i>
Intragovernmental Liabilities		
Unfunded FECA Liability	\$ 33,348	\$ 32,297
Public Liabilities		
Unfunded Annual Leave	10,289	9,755
Unfunded Employment-Related Liability	333	98
Federal Employee and Veterans Benefits	149,107	153,397
Total Liabilities Not Covered by Budgetary Resources	\$ 193,077	\$ 195,547
Total Liabilities Covered by Budgetary Resources	\$ 59,483	\$ 63,557
Total Liabilities	\$ 252,560	\$ 259,104

Unfunded FECA Liability - A liability for the direct dollar costs of compensation and medical benefits paid on the agency's behalf by DOL. Since the agency is dependent on annual appropriation, it will include the amount billed for the direct costs in its budget request two years later.

Unfunded Annual Leave - A liability for annual leave is accrued as leave is earned and paid when leave is taken or when the individual terminates. The balance represents the estimated value of annual leave earned but not taken as of September 30, 2014 for U.S.-hired employees. The valuation of the accrued annual leave for FSN employees and the foreign national PSCs has been estimated for this financial statement. There were approximately 133 FSNs and 2,692

foreign national PSCs working for the Peace Corps at the end of the 4th quarter. Annual leave earned is based on local labor law requirements. Annual leave is paid out of current appropriations when taken.

Unfunded Employment Related Liability - A liability for the estimated severance of foreign national PSCs. Lump-sum payments are generally made to eligible international long-term personal services contractors based on local labor law requirements for separation. These payments are made when the individual terminates and are paid out of current appropriations.

Federal Employee and Veterans Benefits - Liability for the actuarial value of future payments for FECA as estimated by DOL for the agency.

Liabilities Covered by Budgetary Resources - Liabilities covered by budgetary resources include accounts payable for goods and service received by the agency, liability for the separation and retirement payments for eligible foreign service PSCs and FSNs, and other liabilities as shown in Note 9.

Note 9 Other Liabilities		
	September 30, 2014 <i>(In Thousands)</i>	September 30, 2013 <i>(In Thousands)</i>
Intragovernmental		
Advances from Others	\$ 71	\$ 224
Other Liabilities		
Contingent Liability (Note 11)	202	935
FSN and PSC Severance/Retirement Liability	25,849	24,643
Total Other Liabilities	\$ 26,122	\$ 25,802

Advances from Others - The balance of amounts advanced by other federal entities for goods and services to be furnished (e.g., money advance for Small Project Assistance grants.) All advances are considered current liabilities.

Foreign Service National Liability (FSN) and Host Country Resident Personal Services Contractor (PSC) Severance and Retirement Liability - The estimated future liability cost to be paid to eligible FSNs and foreign national PSCs upon separation from the agency. FSN and PSC Severance/Retirement Liability are considered non-current liabilities.

Note 10 Leases

For overseas operations, Peace Corps rents residences, office space and training facilities. Leases overseas contain a termination clause, allowing the agency to terminate any lease with a 30-90 day notice. Peace Corps leases are all operating leases and are considered cancellable.

The agency enters into Occupancy Agreements with the General Services Administration (GSA) for its building in Washington, DC and its regional recruiting offices throughout the continental U.S. GSA leases commercial facilities and provides spaces in federal buildings for occupancy by the agency. Occupational Agreements range from five to ten year terms, however, leased spaces can be vacated within a 120-day notice to GSA. Future operating lease payments for domestic leases are depicted below:

Fiscal Year	Future Lease Payments <i>(In Thousands)</i>
Fiscal Year 2015	6,629
Fiscal Year 2016	6,591
Fiscal Year 2017	6,196
Fiscal Year 2018	4,028
Fiscal Year 2019	387
After Fiscal Year 2020	753
Total Future Lease Payments	\$ 24,584

Note 11 Commitments and Contingencies

In the opinion of the management and legal counsel, the agency is liable for contingent liabilities related to administrative proceedings, legal actions, or claims associated with employee grievances that are probable and measurable in the amount of \$202,035 as of September 30, 2014 and \$935,000 as of September 30, 2013. These contingencies are considered current liabilities.

Disclosure is required if there is a reasonable possibility that a loss may be incurred. The likelihood of a reasonable possibility of a loss related to administrative proceedings, legal actions, or claims related to employee grievances are estimated to be \$300,000 as of September 30, 2014 and \$150,000 as of September 30, 2013.

Note 12 Intragovernmental Costs and Exchange Revenue

	September 30, 2014 <i>(In Thousands)</i>	September 30, 2013 <i>(In Thousands)</i>
Intragovernmental Costs	\$ 66,812	\$ 63,521
Intragovernmental Earned Revenue	(9,853)	(9,636)
Total Intragovernmental	\$ 56,959	\$ 53,885
Public Costs	\$ 297,690	\$ 318,352
Public Earned Revenue	(187)	(395)
Total Public	\$ 297,503	\$ 317,957
Total Net Cost	\$ 354,462	\$ 371,842

Intragovernmental activity represents the costs of goods and services provided to other federal agencies. Costs of goods and services and any revenue earned from outside federal sources are classified as public costs.

Exchange revenues represent revenue from services provided. This includes reimbursable agreements from other government agencies such as U.S. Agency for International Development sponsored HIV/AIDS education, prevention, and mitigation activities; and umbrella programs covering environment, health, youth, micro-enterprise, and Small Project Assistance technical assistance.

Note 13 Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations

	September 30, 2014 <i>(In Thousands)</i>		September 30, 2013 <i>(In Thousands)</i>	
	Direct	Reimbursable	Direct	Reimbursable
Category A	\$ 372,508	\$ 10,310	\$ 359,785	\$ 10,401
Exempt from Apportionment	5,366	-	5,597	-
Total Obligations Incurred	\$ 377,874	\$ 10,310	\$ 365,382	\$ 10,401

All obligations incurred are Category A or Exempt from Apportionment.

Note 14 Undelivered Orders at the End of the Period

	September 30, 2014 <i>(In Thousands)</i>	September 30, 2013 <i>(In Thousands)</i>
Undelivered Orders – End of Period	\$ 73,327	\$ 63,753

The undelivered orders are budgetary obligations with and without advances/prepayments placed against federal budget authority where goods or services have yet to be received.

Note 15 Explanation of Differences between the SBR and the Budget of the US Government				
<i>(In Millions)</i>	Budgetary Resources	Obligations Incurred	Net Outlays	Distributed Offsetting Receipts and Outlays
Statement of Budgetary Resources	\$ 448	\$ 376	\$ 347	\$ (2)
Budget of the U.S. Government	453	379	347	(3)
Difference	\$ (5)	\$ (3)	\$ -	\$ 1

The differences between the FY 2013 SBR and the FY 2013 actual numbers presented in the FY 2015 Budget of the United States Government are summarized in the table above. The President's Budget with actual numbers for FY 2013 has been published at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/budget.pdf>. The difference between the agency's SBR and the Budget of the U.S. Government is attributable to a non-entity trust fund not reported in the agency's SBR. In FY 2014, all trust funds were included in the SBR.

Note 16 Fiduciary Activities				
Schedule of Fiduciary Activity <i>(In Thousands)</i>	HCC Cash 2014	HCC Cash 2013	HCC In-Kind 2014	HCC In-Kind 2013
Fiduciary Net Assets, Beginning	\$ 887	\$ 804	\$ -	\$ -
Contributions	658	787	2,717	4,274
Disbursements	(799)	(704)	(2,717)	(4,274)
Increase/(Decrease) in Fiduciary Net Assets	(141)	83	-	-
Fiduciary Net Assets, Ending	\$ 746	\$ 887	\$ -	\$ -
Schedule of Fiduciary Net Assets <i>(In Thousands)</i>	HCC Cash 2014	HCC Cash 2013	HCC In-Kind 2014	HCC In-Kind 2013
Fiduciary Net Assets				
Cash and Cash Equivalents	\$ 746	\$ 887	\$ -	\$ -
Total Fiduciary Net Assets	\$ 746	\$ 887	\$ -	\$ -

Host Country Contributions are provided to Peace Corps by the host government and are accepted under the authority of Section 22 U.S.C. 2509(a)(4) of the Peace Corps Act. These contributions indicate host country support for the Peace Corps and help defray expenses, enabling the agency to use its budget more effectively. The host country retains ownership though the funds are deposited to special foreign currency accounts in the U.S. Treasury. In the event the funds are not used, funds are returned to the host country. The agency received cash and in-kind contributions from host countries. In-kind contributions estimated at \$2,716,957 in fair market value were received at posts through the end of September 30, 2014, for services, supplies, equipment, and facilities. The host country cash balance is \$716,829 as of September 30, 2014.

Note 17 Reconciliation of Net Cost of Operations to Budget		
	September 30, 2014 <i>(In Thousands)</i>	September 30, 2013 <i>(In Thousands)</i>
Resources Used to Finance Activities:		
Budgetary Resources Obligated:		
Obligations Incurred	\$ 388,184	\$ 375,783
Less: Spending Authority from Offsetting Collections and Recoveries	28,583	17,505
Obligations Net of Offsetting Collections and Recoveries	359,601	358,278
Less: Offsetting Receipts	(1,193)	(1,770)
Net Obligations	360,794	360,048
Other Resources		
Transfers in/out without reimbursement (+/-)	510	(154)
Imputed financing from costs absorbed by others	6,165	5,644
Net resources used to finance activities	6,675	5,490
Total resources used to finance activities	367,469	365,538
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-)	(5,626)	(14,226)
Resources that fund expenses recognized in prior periods	(3,202)	13,866
Budgetary offsetting collections and receipts that do not affect net cost of operations	1,840	5,280
Resources that finance the acquisition of assets	(12,178)	(4,424)
Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)	(510)	154
Total resources used to finance items not part of the net cost of operations	(19,676)	650
Total resources used to finance the net cost of operations	347,793	366,188
Components Requiring or Generating Resources in Future Periods:		
Future Funded Expenses	-	(4,143)
Employer Contribution to Employee Benefits	-	1,773
Components not Requiring or Generating Resources:		
Depreciation and amortization	6,722	7,818
Other (+/-)	(53)	206
Total Components of Net Cost of Operations that will not require or generate resources	6,669	5,654
Net Cost of Operations	\$ 354,462	\$ 371,842

The Reconciliation of Net Cost of Operations to Budget reflects both the budgetary and non-budgetary sources that fund the Net Cost of Operations.

Note 18 Imputed Financing		
	September 30, 2014 <i>(In Thousands)</i>	September 30, 2013 <i>(In Thousands)</i>
Federal Employees Health Benefit Program	\$ 4,038	\$ 3,926
Federal Employees Group Life Insurance Program	15	16
Civil Service Retirement System	559	577
Federal Employees Retirement System	1,532	1,091
Foreign Service Retirement and Disability System	21	34
Total Imputed Costs	\$ 6,165	\$ 5,644

Imputed financing recognizes actual costs of future benefits which include the Federal Employees Health Benefit Program, Federal Employees Group Life Insurance Program, and pension benefits that are paid by other federal entities.

Inspector General's Audit Transmittal Letter



Office of Inspector General

To: Carolyn Hessler-Radelet, Director

From: Kathy A. Buller, Inspector General 

Date: November 7, 2014

Subject: Audit of Peace Corps' Fiscal Year 2014 Financial Statements

This letter transmits the reports of Kearney & Company, P.C. (Kearney) on its financial statement audit of the Peace Corps' Fiscal Year (FY) 2014 Financial Statements. As required by the Accountability of Tax Dollars Act of 2002, the Peace Corps prepared financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, and subjected them to audit.

Auditor's Reports on the Financial Statements, Internal Control over Financial Reporting, and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements

We contracted with Kearney, an independent certified public accounting firm, to audit the Peace Corps' financial statements as of September 30, 2014 and 2013. The contract required that the audit be done in accordance with U.S. *Generally Accepted Government Auditing Standards* (GAGAS), OMB audit guidance, and the *Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual*.

Kearney's reports for FY 2014 include: (1) an opinion on the financial statements, (2) conclusions on internal control over financial reporting, and compliance with applicable provisions of laws, regulations, contracts, and grant agreements. In its audit of the Peace Corps, Kearney found:

- The financial statements were fairly presented, in all material respects, in conformity with GAGAS principles.

- There were no material weaknesses in internal control.¹
- Three significant deficiencies related to internal control were disclosed by the auditor:²
 - Internal control over property, plant, and equipment needs to be improved. Improvements needed are related to recording and tracking of property.
 - Information technology security needs improvement. The auditor cited continuous monitoring, risk management and security program controls, as areas needing improvement.
 - De-obligation of unliquidated obligations (ULO) is not timely. Specifically, the auditor cited that an effective ULO control environment is not being maintained and needs to be strengthened.
- Four instances of reportable noncompliance were found relating to complying with applicable provisions of laws, regulations, contracts, and grant agreements which are required to be reported under GAGAS or OMB guidance. Kearney found that the Peace Corps did not comply with:
 - OMB Circular A-11 relating to complete and accurate reporting of federal agency consolidated financial statements.
 - OMB Circular A-11 regarding accurate and timely recording of obligations.
 - Ethics in Government Act of 1978 associated with the timely reporting and reviewing of annual Public Financial Disclosure Reports.
 - Federal Information Security Management Act of 2002.

OIG Evaluation of Kearney's Audit Performance

In connection with the contract, we reviewed Kearney's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and we do not express, opinions on the Peace Corps' financial statements or conclusions about the effectiveness of internal control or compliance with applicable provisions of laws, regulations, contracts, and grant agreements. Kearney is responsible for the attached auditor's reports dated November 7, 2014 and the conclusions expressed in the reports. However, our review disclosed no instances where Kearney did not comply in all material respects with GAGAS.

¹ A material weakness is defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

² A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We would like to express our gratitude to the Peace Corps staff involved in working with the auditors and issuing the financial statements within the established OMB milestones. Their professionalism, cooperation, and timely responsiveness, allowed us to overcome the many challenges associated with performance of the audit and our oversight of the audit process. If you or a member of the Peace Corps staff has any questions about Kearney's audit or our oversight please contact me or Assistant Inspector General for Audit Judy Leonhardt, at 202-692-2914.

Attachment

cc: Laura Chambers, Chief of Staff
Kathy Rulon, Senior Advisor to the Director
Joseph L. Hepp, Jr., Chief Financial Officer
Dorine Andrews, Chief Information Officer
Daljit Bains, Chief Compliance Officer



Auditor's Report

1701 Duke Street, Suite 500, Alexandria, VA 22314
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INDEPENDENT AUDITOR'S REPORT

To the Director and Inspector General of the United States Peace Corps

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the United States Peace Corps (Peace Corps), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as the "consolidated financial statements") for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Peace Corps as of September 30, 2014 and 2013, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (hereinafter referred to as the "required supplementary information") be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by OMB and the Federal Accounting Standards Advisory Board (FASAB), who consider it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing it for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audits of the consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. Other Information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and OMB Bulletin No. 14-02, we have also issued reports, dated November 7, 2014, on our consideration of the Peace Corps' internal control over financial reporting, our tests of the Peace Corps' compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for the year ended September 30, 2014. The purpose of those reports is to describe the scope of our testing of



internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 14-02, and should be considered in assessing the results of our audits.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia
November 6, 2014



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
 FINANCIAL REPORTING AND COMPLIANCE WITH APPLICABLE PROVISIONS
 OF LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS**

To the Director and Inspector General of the United States Peace Corps

We have audited the accompanying consolidated financial statements of the United States Peace Corps (Peace Corps), which comprise the consolidated balance sheets as of and for the year ended September 30, 2014, the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as the “consolidated financial statements”) for the year then ended, and have issued our report thereon, dated November 7, 2014. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*.

Internal Control Over Financial Reporting

In planning and performing our audits of the consolidated financial statements, we considered the Peace Corps’ internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Peace Corps’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Peace Corps’ internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 14-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers’ Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant



deficiencies may exist that were not identified. Given these limitations, during our audits, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings, which we consider to be significant deficiencies.

We noted certain additional matters involving internal control over financial reporting that we will report to the Peace Corps' management in a separate letter.

Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether the Peace Corps' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Peace Corps. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings.

The Peace Corps' Response to Findings

The Peace Corps' management has provided its response to the findings identified in our audits in a separate memorandum attached to this report. The Peace Corps' response was not subjected to the auditing procedures applied in our audit of the consolidated financial statements and accordingly, we do not express an opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 14-02 in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexandria, Virginia
November 6, 2014



Schedule of Findings

* * * * *

Significant Deficiencies

I. Property, Plant, and Equipment (Repeat Condition)

Agency management is responsible for the design and operation of Property, Plant, and Equipment (PP&E) internal control framework. This control framework should include policies, procedures, reviews, and approvals to ensure that long-lived assets are properly identified and all acquisition costs are accurately captured. Agencies should also ensure that property purchases and dispositions are recorded accurately, supported by appropriate documentation, and recorded timely to ensure the completeness and accuracy of property balances on the Balance Sheet. Absence of a comprehensive internal control framework may result in erroneous consolidated financial statements, theft, lack of accountability, waste, fraud, abuse, and lack of responsiveness to changing risk and threats.

The Peace Corps' property includes land and structures permanently attached to land, as well as leasehold improvements, vehicles, information technology (IT) hardware, and other tangible items. Additionally, the Peace Corps accumulates project costs in Construction in Progress (CIP) until the asset is placed into service.

The Peace Corps uses several non-integrated systems, such as the Fixed Assets Module, Vehicle Management Information System (VMIS), and BarTracks to track, manage, and record personal property transactions in the financial records. During Kearney's audit procedures, we noted the following issues related to PP&E:

- Kearney identified PP&E internal control gaps in the areas of Reconciliation of Asset Listings and the overall controls that are in place to ensure that the PP&E included in the consolidated financial statements is accurate and free from material misstatements. The points listed below illustrate the control gaps and processes noted:
 - **Reconciliation of Asset Listings** – The Peace Corps maintains three separate property tracking applications, a detailed vehicle tracking system (VMIS), a “master” vehicle tracking spreadsheet, and a personal property inventory maintained in BarTracks. None of these tracking applications are automatically interfaced with the financial information system asset management system (Odyssey Fixed Assets Module). The Peace Corps has not established controls activities to ensure information in all applications is complete and accurate. For example:
 - The Peace Corps has no assigned responsibility to perform reconciliations between VMIS and the financial systems to ensure the existence, completeness, and valuation of vehicles included in the consolidated financial statements
 - The Peace Corps has not developed an effective reconciliation process to identify differences between the personal property tracked in BarTracks and the Odyssey Fixed Assets Module subsidiary ledger in a timely manner



- **Asset Impairment and Obsolescence Procedures** – The Peace Corps currently does not have standardized procedures regarding the identification and subsequent accounting treatment of obsolete and impaired assets. This may lead to inconsistent treatment among Posts, and potentially erroneous consolidated financial statements.

The Peace Corps cannot ensure complete and accurate financial information regarding PP&E. The control deficiencies result in:

- Loss of asset accountability, which introduces operational risk related to the ability to execute the Peace Corps' mission
- Decrease in the uniformity and standardization of procedures, resulting in inconsistent treatment of assets and an increase in the difficulty of completing consolidated reports
- Increase in the likelihood of financial reporting misstatements due to delayed recognition of asset impairments.

Recommendation Number 1: Kearney recommends that the Peace Corps enhance its overall control environment in relation to PP&E by performing the following:

1. Develop and implement reconciliation procedures between the various inventory management tools used by the process owners and the Odyssey Fixed Assets Module subsidiary ledger to ensure accuracy and completeness
2. As appropriate, develop standardized procedures to identify and account for damaged, obsolete, or otherwise impaired PP&E.

Kearney analyzed property balances, acquisitions, and disposal transactions recorded by the Peace Corps through June 30, 2014. Kearney conducted testing across all Peace Corps asset types as of June 30, 2014 and during four Post visits conducted during fieldwork. Kearney identified the following:

- Kearney evaluated a statistically selected sample of 50 asset additions with a recorded value of \$556,572 as of June 30, 2014 from a \$4,089,739 population. Kearney identified 10 exceptions, with a total known error of \$12,986 and a statistically projected error of \$63,222, in which the Peace Corps did not capture all capitalizable costs related to vehicle acquisitions, including clearing agents and freight costs
- Kearney selected a judgmental sample of 10 recorded asset disposals. Kearney identified a \$13,240 fixed asset addition which should have been capitalized. The Peace Corps erroneously reversed the addition, understating assets and overstating operating expenses by \$13,240
- During Post visits, Kearney noted the following exceptions:
 - The Peace Corps did not include acquisition costs of \$19,160 for 31 vehicles with initial costs of \$1,063,056 and a net book value of \$780,006 in the capitalized amount in the Fixed Asset Listing, which was an average error rate of two percent
 - The Peace Corps did not remove four disposed assets from the Fixed Assets Listing. The total net book value of the assets as of June 30, 2014 was \$39,915 and the unrecorded gain was \$111,467



- The capitalized amounts for six vehicles in the Fixed Asset Listing do not agree with invoices. Kearney noted a difference of \$(11,349) between the amount on the invoice and the amount in the Fixed Asset Listing.

The untimely and inaccurate processing of property transactions may result in misstatements in the Peace Corps' consolidated financial statements, as well as incomplete or inaccurate property data used in making management and budgeting decisions. Additionally, the errors in the property records may result in a lack of accountability for asset custodianship, which could lead to theft or waste.

Recommendation Number 2: Kearney recommends that the Peace Corps enhance its overall control environment in relation to PP&E by performing the following:

1. Institute procedures to ensure that all capitalizable costs related to vehicle acquisitions, including clearing agents and freight costs, are included in the capitalized asset cost
2. Institute standard operating procedures that emphasize the importance of accurately determining and timely recording asset acquisitions and disposals
3. Expand domestic reviews and validation of property information.

II. Information Technology Security (Repeat Condition)

The Peace Corps' IT internal control structure, both for the General Support Systems and critical financial reporting applications, did not include a comprehensive risk analysis, evidence of effective monitoring of design and performance, and evidence of an ability to identify and respond to changing risk profiles. The Peace Corps' IT control environment included design and operation weaknesses that, when combined, are considered to be a significant deficiency, as summarized below:

- During Fiscal Year (FY) 2014, the Office of the Chief Information Officer (OCIO) had begun the process of implementing a continuous monitoring program. However, it was not able to complete the implementation with visibility of all Federal Information Security Management Act of 2002 (FISMA) systems in accordance with its Information Security Continuous Monitoring (ISCM) strategy. The FISMA Evaluation Team identified the following control deficiencies:
 - Five of seven FISMA reportable information systems were not captured by the OCIO's official tool, Cyber Security Assessment and Management, for Ongoing Assessment and Authorization (OAA), tracking, and closing Plan of Action and Milestones records
 - The Peace Corps did not follow the OAA process to identify and assess selected security controls (including system-specific, hybrid, and common controls) for the Odyssey and Global Operations (GlobalOps) systems
 - The Peace Corps has not implemented a capability to detect unauthorized connections to its networks.
- The Peace Corps does not have a robust agency-wide risk management program to manage information security risks. OCIO has formalized an overall Risk Management



Strategy as of February 2014; however, no evidence demonstrated that the agency was able to identify, assess, respond to, and monitor information security risks at the entity or business process levels. In addition, the Peace Corps has not developed relevant security policies and procedures to effectively manage the FISMA system inventory, establish system boundaries, and conduct appropriate Security Testing and Evaluation as part of the Security Assessment and Authorization (SA&A) process. Further, the FISMA Evaluation Team determined that the Peace Corps did not effectively manage its FISMA system inventory and identified that two major applications, Odyssey and GlobalOps, were missing up-to-date authorization packages.

As defined in Generally Accepted Government Auditing Standards, information system controls consist of those internal controls that are dependent on information systems processing and include general controls and application controls. General controls and application controls are not likely to be effective due to weaknesses in the Peace Corps' Information Security Program. Security program policies and procedures apply to all, or a large segment of, the Peace Corps' information systems. The effectiveness of these procedures is a significant factor in determining the effectiveness of controls at the application level.

Application-level controls are not likely to be effective due to weaknesses in information security program controls. Weaknesses in security management can result in increased risk that application-level controls are not consistently applied, which could render accounting process controls ineffective by circumvention or modification.

Recommendation Number 3: Kearney recommends that the Peace Corps:

1. Develops and adheres to a formal project plan to assign the proper resources required to fully implement all components of its current ISCM strategy
2. In coordination with the Risk Executive, develops and implements a holistic risk management strategy that identifies, assesses, and remediates security-related risks at the entity, business process, and information system levels that is consistent with FISMA requirements and National Institute of Standards and Technology Special Publication 800-39
3. Performs a SA&A on all FISMA reportable systems in accordance with their risk management strategy.

III. Untimely De-Obligation of Unliquidated Obligations (New Condition)

Unliquidated Obligations (ULO) represent binding agreements for goods and services that have not yet been delivered or received, and will require future outlays. Agencies should maintain policies, procedures, and information systems to ensure that ULOs represent current required Federal outlays. Failure to maintain an effective ULO control environment may result in difficulties in managing funds, improper payments, inaccurate budgetary reports, and violations of Federal regulations.



The Peace Corps records obligations in its financial management system when it enters into an agreement, such as a contract or purchase order, to purchase goods or services. Once recorded, obligations remain open until they are fully reduced by disbursements or de-obligated, or the appropriation funding the obligations is canceled. As invoices are received and payments are made, obligations are liquidated by the amount of the payments. ULOs represent orders for which the goods and services have been received but payments have not yet been made.

- The Peace Corps reported 25,641 ULOs worth \$76 million as of June 30, 2014. Kearney evaluated the validity and liquidation status of 32 non-Federal ULOs greater than \$5,000 with no liquidation activity within the last nine months with a statistical sample, and judgmentally sampled the five largest Federal ULOs. The combined 37 ULOs sampled had a recorded value of \$1 million. Kearney determined the following:
 - 15 of the 32 statistically sampled non-Federal ULOs valued at \$373,254 should have been de-obligated. These errors resulted in a statistically projected error of \$446,169
 - Four out of five judgmentally sampled Federal ULOs valued at \$136,515 should have been de-obligated as of June 30, 2014. These errors comprised 70% of the recorded Federal ULO balance.

In total, Kearney identified 19 exceptions with a recorded value of \$509,769 that no longer represented future Peace Corps funding needs.

In addition, Kearney tested 40 additional open obligations during Post visits and identified two open obligations that should have been de-obligated. These two obligations that were not de-obligated had a value of \$12,400.

The 19 identified exceptions produced a projected likely error of approximately \$446,000 in the non-Federal ULO balance as of June 30, 2014. The Peace Corps' failure to maintain an effective ULO control environment in which invalid open obligations are identified and de-obligated in a timely manner may result in difficulties in managing funds, improper payments, inaccurate budgetary reports, and possible violations of Federal regulations.

Recommendation Number 4: Kearney recommends that the Peace Corps take steps to strengthen and better integrate the obligation process, including the following:

1. Review open obligations, and ensure the ultimate disposition of open obligations is formally documented, reviewed, and certified by a senior official(s) in a timely and routine manner
2. Provide annual training on related policies and procedures to ensure consistency among Posts.

* * * * *



Noncompliance and Other Matters

IV. OMB Circular Number A-11, *Preparation, Submission, and Execution of the Budget* (Repeat Condition)

The Bureau of the Fiscal Service, a bureau of the United States Department of the Treasury (Treasury), maintains the Federal Government's set of accounts, and assists Federal agencies with adopting uniform accounting and reporting standards and systems by issuing Treasury's Federal Account Symbols and Titles (FAST) Book. The FAST Book lists receipt, appropriation, and other fund account symbols and titles assigned by Treasury.

OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, Appendix F, "Format of the SF-132, SF-133, Schedule P, and SBR," defines how the apportionments and budgetary resources should be reported. An agency's failure to follow this guidance can result in erroneous and misstated financials, violations of laws and regulations, and improper consolidation of Government-wide accounts.

The Peace Corps separated Treasury Account Fund Symbols (TAFS) 11X8245 into the following funds:

- Private Sector Non-Entity Funds (X82450000) are restricted donations upon volunteer initiative request
- Capitalized Donations (X82457777) account for the two property donations that the Peace Corps received in Belize and Swaziland
- Private Sector Entity Fund (X82459999) includes money donated to the Peace Corps that have general but not specific purposes.

As a result of an inconsistency in the classification of these funds within the Peace Corps' financial system, Odyssey, of the three funds listed above that make up 11X8245, only two of the funds are being reported in the consolidated financial statements.



The Peace Corps' treatment of the three TAFS is not in accordance with FMS and OMB guidance. The June 30, 2014 balances are shown below for the three Odyssey TAFS.

TAFS Title	Peace Corps' Description	Odyssey TAFS	Amount in Fund Balance with Treasury	Reported in 6/30 Financial Statements (Yes/No)
Gifts and Contributions, Peace Corps	This fund was used to record Private Sector cash donations that are used to fund the Peace Corps' volunteer projects.	X82450000	\$1,108,745	No
Gifts and Contributions, Peace Corps	This fund was used to record Private Sector non-cash donations.	X82457777	\$0.00 ¹	Yes
Gifts and Contributions, Peace Corps	This fund was used to record Private Sector cash donations that are used to fund the Peace Corps' operations.	X82459999	\$196,297	Yes
			\$1,305,042	

As of September 31, 2014, the Peace Corps corrected the reporting issue noted above. All three funds are being reported in the consolidated financial statements correctly.

V. OMB Circular Number A-11, *Preparation, Submission, and Execution of the Budget* (New Condition)

Obligations are definite commitments that create a legal liability of the Government for payment. The Peace Corps should record an obligation in its financial management system when it enters into an agreement, such as a contract or purchase order, to purchase goods and services.

Agencies should only record legitimate obligations, which would include a reasonable estimate of the Government's potential liability. Agencies should maintain policies, procedures, and information systems to ensure that obligations represent required Federal outlays, comply with laws and regulations, and are appropriately approved. Failure to maintain effective obligation controls may result in difficulties managing funds, improper payments, inaccurate budgetary reports, and violation of Federal regulations, including the Antideficiency Act.

Kearney tested 45 new obligations, valued at \$9,239,106, created October 1, 2013 through June 30, 2014, and noted the following issues:

- One obligation overstated the Personal Service Contract value by \$2,584
- One obligation understated the Personal Service Contract value by \$1,382

¹ This fund does not have a balance in Standard General Ledger 1010 due to the balance being represented by donated land and buildings. Standard General Ledger Accounts 1711 and 1730 reflect the balance of \$85,000.



- Eight obligations were recorded in Odyssey after the period of performance began. This delay related to data entry into the financial information system; the actual obligating documents were executed prior to the period of performance. The delay between the obligation date recorded in Odyssey and the period of performance start date ranged between one day and 90 days
- One obligation represented a \$425,748 contract that was not executed before the period of performance
- During Post visits, Kearney noted that one expense sample was obligated in Odyssey five days after the period of performance began.

The identified exceptions produced a statistically projected likely overstatement error of approximately \$307,000 in the overall balance as of June 30, 2014. In addition, obligations that are not recorded timely in the financial information system preclude the effective operation of automated controls and may increase the risk that goods or services may be acquired and/or received prior to an authorized obligation certifying the availability of funds, or prior to an authorized contract or purchase order being established. The process of authorizing the obligation and certifying fund availability ensures the completeness of the recorded obligation balances.

VI. Ethics in Government Act of 1978 (New Condition)

The Ethics in Government Act of 1978, as amended, requires senior officials in the executive, legislative, and judicial branches to file public reports of their finances, as well as other interests outside the Government. The primary purpose of this disclosure is to assist agencies in identifying potential conflicts of interest between a filer's official duties and their private financial interests and affiliations. The Peace Corps' Senior Executive Service employees are required to annually complete and file Public Financial Disclosure Reports (Office of Government Ethics [OGE]-278) to declare their financial assets and affiliations. OGE-278s are to be filed within 30 days of appointment or termination, or by May 15 of that calendar year, whichever is later.

The Designated Agency Ethics Official is responsible for reviewing all OGE-278s to determine if any actual or potential conflicts of interest exist between the filer's public responsibilities and private interests and activities within 60 days of the filing date. Timely submission of the OGE-278 allows the filer and the Peace Corps to address such conflicts when they first appear, and take appropriate actions to protect the filer and the Peace Corps.

Kearney evaluated 100% of the Peace Corps' 17 Public Financial Disclosure Forms (i.e., OGE Form 278). Kearney noted the following exceptions:

- Two employees filed their OGE-278 eight and 33 days late, respectively
- The DEAO did not start the review of three OGE-278s within 60 days of receipt of the employees OGE-278. The DEAO started these reviews 69, 79, and 97 days late, respectively.



Untimely submission and review of an OGE-278 could cause potential conflicts of interest between the filer’s official Government duties and private financial interests, and cause affiliations to go undetected and unresolved for extended periods of time. The Peace Corps may be exposed to negative publicity and legal events if perceived and/or actual conflicts of interest and violations of Federal ethics laws and regulations are not disclosed and remediated in a timely manner.

VII. Federal Information Security Management Act of 2002 (Repeat Condition)

FISMA requires agencies to provide information security controls commensurate with the risk and potential harm of not having those controls in place. The heads of agencies and OIGs are required to annually report on the effectiveness of the agencies’ security programs.

As noted in its Assurance Statement, the Peace Corps disclosed an instance of noncompliance with FISMA that is required to be reported under *Government Auditing Standards* and OMB Bulletin No. 14-02.

By not complying with FISMA, the Peace Corps has potentially weakened security controls, which could adversely affect the confidentiality, integrity, and availability of information and information systems.

* * * * *



APPENDIX A: STATUS OF PRIOR YEAR DEFICIENCIES

Four issues were noted relating to internal control over financial reporting in the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements on the Peace Corps' FY 2013 consolidated financial statements.² The table below presents a summary of the current year status of these issues.

Prior Year Internal Control Material Weakness and Significant Deficiencies

Control Deficiency	2014 Status	2013 Status
Property, Plant, and Equipment	Significant Deficiency	Significant Deficiency
Information Technology Internal Control Environment	Significant Deficiency	Significant Deficiency
Financial Management Analysis and Reporting	Closed	Material Weakness
Accounts Payable Accrual	Closed	Significant Deficiency

² *Independent Auditor's Report on the Peace Corps' 2013 and 2012 Financial Statements*

AGENCY COMMENTS TO THE AUDITOR'S REPORT

Peace Corps has reviewed the Auditor's Report and concurs with the findings in the report.

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Other Information



Inspector General's Statement on the Peace Corps' Management and Performance Challenges

Office of Inspector General

TO: Carrie Hessler-Radelet, Peace Corps Director
Daljit Bains, Chief Compliance Officer

FROM: Kathy A. Buller, Inspector General 

SUBJECT: Inspector General's Statement on the Peace Corps' Management and Performance Challenges

DATE: November 3, 2014

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps. The challenges discussed in the attachment to this memo are to be included in the agency's Performance and Accountability Report for fiscal year (FY) 2014. The challenge areas on "Programming and Volunteer Training" and "Accountability of Medical Supplies" that appeared in last year's Inspector General's statement were not included this year because management has taken corrective actions to remediate related issues discussed in OIG audit and evaluation reports. In addition, the agency has made progress in addressing Volunteer safety and security, and as a result, we have removed it as a separate challenge. Instead we have highlighted aspects of it that remain a challenge under "Business Processes."

OIG has concluded that the following four areas present significant challenges at the Peace Corps:

- IT Security Management (first reported in FY 2009)
- Business Processes (first reported in FY 2011)
- Excessive Personnel Turnover (first reported in FY 2012)
- Training Overseas Staff (new for FY 2014)

These challenges illustrate the most significant areas OIG believes need improvement for the Peace Corps to effectively manage its resources and minimize the potential for fraud, waste, and abuse occurring in its operations. Addressing the issues related to these challenge areas would enable the agency to increase operational efficiencies and improve mission effectiveness.

Attachment

Challenge Information Technology Security Management

Why This Is a Challenge

An effective information technology (IT) security program helps protect an agency's data from being misused by both internal and external sources and minimizes the potential of having its most sensitive data compromised. The federal laws and regulations governing IT security are specifically designed to strengthen an agency's management of its related programs. They also provide for significant guidance that serves to prevent serious information security incidents from occurring. A central part of an IT security program in the federal environment is the Federal Information Security Management Act (FISMA), which was passed by Congress and signed into law by the President as part of the E-Government Act of 2002.¹ Its overall goals include developing a comprehensive framework to protect the government's information, operations, and assets. Since FY 2009, OIG has reported in its management and performance challenges that the Peace Corps has not achieved full compliance with FISMA or fully implemented an effective IT security program. Some of the issues identified have been outstanding for over five years and the agency has struggled to implement corrective actions.

Further complicating this challenge, the Peace Corps plans to move a portion of its data media and information to cloud storage and transfer email services to a cloud service provider during FY 2015. In September 2014, a pilot of cloud email and collaboration tools was initiated. These efforts are a major undertaking and the need for an effective and FISMA compliant IT security program prior to fully transitioning to the cloud is critical.

Progress in Addressing Challenge

Management has made some progress in strengthening Peace Corps' IT security management programs through measures taken to improve its FISMA compliance. The agency has recently re-established a plan of action and milestones program and has begun following up on documented IT security vulnerabilities. However, there are a number of FISMA issue areas that were discussed in prior year challenge statements that have not been fully resolved. For example, although management has initiated a continuous monitoring program, including information on some of its systems, the program does not contain all the required aspects to be complete; some configuration management processes have not been fully implemented; contingency plan testing weaknesses still exist at overseas posts, headquarters, and regional recruiting offices; and systems security planning documentation has not been completely updated. Further, the Peace Corps has not fully implemented a comprehensive agency-wide risk management program that is effective in monitoring, identifying, and assessing security weaknesses, and resolving related problems at the entity or business process levels.

What Needs to be Done

Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps' IT security infrastructure is critical to having a program that is effective in ensuring the agency's information, operations, and assets are adequately protected. The Peace Corps needs to place greater emphasis on improving its information security program, including accomplishing greater FISMA compliance, and timely remediation of IT security weaknesses that have been identified internally, and through the annual FISMA and other

¹ Pub. L. No. 107-347.

reviews and audits. The Peace Corps will need to place a sharper focus on improving its IT security program by assigning sufficient qualified personnel and prioritizing the agency time and resources necessary to become fully FISMA compliant and eliminate weaknesses.

Key OIG Resources

[Peace Corps' FY 2013 Performance and Accountability Report](#)

Peace Corps' FY 2014 Performance and Accountability Report

OIG Semiannual Report to Congress, April 1 to September 30, 2014

Challenge Business Processes

Why This Is a Challenge

Although the Peace Corps continues to improve key business processes and critical Volunteer support functions, as well as streamlining its operations, it is constrained by decentralized processes and a lack of modern systems. Specifically, the agency continues to be challenged in the areas related to Volunteer safety and security, data management, and property management.

Volunteer Safety and Security

In May 2012, the Peace Corps Director and the Department of State (DOS) signed a memorandum of understanding (MOU) to formalize the relationship and further define and clarify individual roles and responsibilities for overseas safety and security regarding Peace Corps staff and Volunteers. However, consistent implementation of the agency's responsibilities remains a challenge because the agency's safety and security program is a decentralized process with the responsible staff located within multiple offices both at headquarters and overseas.

Furthermore, the lack of consistent communications with DOS regional security officers (RSOs) has impacted the agency's implementation of the MOU. On September 1, 2013, in response to the Kate Puzey Act, the Peace Corps changed its crime reporting system to remove sensitive sexual assault details. However, the Peace Corps erroneously stopped sending RSOs details for all crime incidents, not just those classified as sexual assaults. It took over six months for RSOs to receive any official explanation from the Peace Corps about the change.

Data Management

Although the Peace Corps is working on modernizing some of its businesses processes, OIG audits and evaluations continue to find that several essential business functions remain largely paper-based, such as processes for travel, medical supply management, payment vouchers, and several human resource functions (leave approval, performance appraisals, training records, and travel compensation time). The Peace Corps lack of automated business processes has led to inefficiencies and duplication of efforts, as well as data being more prone to human error.

Property Management

As of the third quarter of FY 2014, the Peace Corps reported having a total property net value of \$29.6 million. OIG and Peace Corps external audits continue to find issues with property system reliability. In FY 2012, the agency implemented a new property accountability system to better manage its assets; however, there have been significant problems with data accuracy.

Progress in Addressing the Challenge

The agency's safety and security program has begun to mature in recent years, with the development of more vigorous roles and responsibilities for the safety and security manager position, updated guidance materials, and more formal involvement of security experts in the hiring of overseas security personnel. The agency is proposing an amendment to the MOU to address reporting of sexual assaults.

The Peace Corps has implemented, or is working to implement, several systems to better manage agency records. Specifically, Volunteer Recruitment and Selection implemented the Database of Volunteer Experience to manage volunteer applicant data, and in August 2012, Office of Health Services implemented a medical applicant exchange system. Currently, the agency is piloting an electronic medical records system and plans to fully implement the system during FY 2015.

Furthermore, progress is being made to address property management deficiencies. The Office of the Chief Financial Officer plans to replace the existing property management system beginning in the second quarter of FY 2015 and anticipates full implementation by mid-FY 2016. According to management the replacement system has greater capability and they are confident that it will significantly improve property inventory accuracy.

What Needs To Be Done

The agency needs to continue to assess its operations to modernize its business processes. Furthermore, agency business processes must also support effective internal control and provide for access to reliable data. For the safety and security program, in addition to providing training, the agency should put in place formal guidance to ensure roles and responsibilities are defined and the MOU requirements are understood by all involved parties. Additionally, the Peace Corps needs to continue its focus on developing or acquiring more modern and automated systems to replace business processes that are manual or rely on inadequate systems.

Key OIG Resources

[Follow-up Evaluation of the Volunteer Delivery System](#)

[Final Audit Report: Training Peace Corps' Overseas Staff](#)

[Final Audit Report: Peace Corps Applicant Screening Process](#)

[Review of the Peace Corps' Implementation of Guidelines Related to Volunteer Victims of Rape and Sexual Assault](#)

[Final Audit Report: Peace Corps' Volunteer Safety and Security Program](#)

[OIG's FY 2015 Annual Plan](#)

[Management Advisory Report: Certification of Volunteer Payments](#)

[Recurring Issues: OIG Post Audits and Evaluations FYs 2009-2011](#)

Challenge Excessive Personnel Turnover

Why This Is a Challenge

In June 2012, OIG issued its final report on the impacts of the "five-year rule" (FYR) on operations of the Peace Corps. Peace Corps management concurred with the report's five recommendations. The FYR became law in 1965 and limited employment of Peace Corps' U.S.

direct hire personnel to five consecutive years worked over two separate ‘tours’ of 2.5 years each. OIG’s evaluation found that the FYR, as intended, enabled the agency to create a constant flow of new employees including returned Peace Corps Volunteers; avoid the inflexibility associated with the civil service system; and prevent employees from working their entire career at the Peace Corps. However, the FYR accelerated the annual pace of employee turnover to between 25 percent and 38 percent, quadruple the average turnover rate in the federal government. The average tenure of agency employees over the past 10 years was just under three years. Excessive personnel turnover at Peace Corps exacerbated a range of common management challenges. Excessive turnover has undermined the agency’s ability to retain employees on the basis of performance; conduct succession planning; manage the continuity and transfer of essential knowledge, skills, and abilities; provide training and professional development to staff; and deploy its workforce efficiently.

In addition, the FYR weakened the agency’s ability to attract and retain highly qualified professionals in the areas of contracting, financial management, information technology, human resources management, and medical support. It led to frequent staffing gaps in mission-critical positions overseas. Further, the practice of employing staff on 30-month tours compromised performance management and allowed supervisors to avoid actively managing underperforming employees. OPM recently characterized this unintended effect of the FYR as “a threat to effective performance management and mission accomplishment, and a risk to effective [human capital] management in accordance with the merit system principles and in compliance with Federal laws, rules, and regulations.” OIG estimated that over the five-year period from 2005-09, excessive turnover driven by the FYR accounted for approximately 60 percent of \$20.7 million in total turnover management costs.²

Problems in recruiting and maintaining qualified staff at Peace Corps posts and minimizing lapses following departures exacerbates the impact of excessive staff turnover on the agency. In 2013, OIG reported on challenges related to hiring overseas staff in its *Final Audit Report: Peace Corps Overseas Staffing*. OIG reported that the agency struggled to maintain a robust pool of qualified applicants and ensure positions are filled in a timely manner. Some of the underlying issues contributing to this challenge include managing timelines for positions that will be open, effective communications between the involved headquarters and field offices, consistency in the interview and hiring process, and adequately planning for transfers and unexpected vacancies.

Progress in Addressing the Challenge

The agency has made some progress in addressing the challenge. In response to the final report on the impacts of the FYR, the Peace Corps concurred with the five recommendations OIG made to reduce the negative effects the FYR has had on agency operations. As highlighted in the FY2013 Management and Performance Challenges, the agency has revised certain policies or practices related to the administration of its personnel system for instance it has: as of March 1, 2013, started to make initial appointments of 60 months for new staff and converted the staff members that were on 30-month tours to 60-month appointments; worked to maximize the allowable percentage, 15 percent, for additional 30-month tours; and exercised the authority for

² This estimate only included direct costs and did not take into account costs that were more difficult to quantify, including: the loss of expertise when high-performing staff appointments ended; reductions in productivity; or gaps in institutional memory and knowledge.

greater retention of employees through the 12-month extension appointment for “special circumstances.” Additionally, the agency implemented an exit survey in November 2013 to better understand the reasons for employee departures. However, the agency has not provided documentation to OIG that would allow for a review and response to the steps it has taken to address the larger systemic issues that our recommendations are intended to address.

As of September 2014, all five recommendations remain open. They are to reduce the rate of employee turnover and increase direct hire employees’ length of employment; identify which functions should be subject to periodic turnover, and implement a process to manage turnover; identify the core business functions and positions that suffer from frequent staff turnover, and determine and implement a process for acquiring and retaining qualified personnel; raise expectations among supervisors to address employee performance issues and provide supervisors with the training and support; gather and analyze data on the causes of unwanted, early employee resignations, and develop data-driven solutions to curb the pace at which employees resign early. Further, the seven audit recommendations OIG made in its report on the Peace Corps overseas staffing to improve how the agency hires certain overseas staff remain open.

What Needs To Be Done

The agency needs to address each of the five recommendations from the final report on the impacts of the FYR and the seven relevant recommendations from the final report on Peace Corps overseas staffing.

Key OIG Resources

[Final Evaluation Report: Impacts of the Five Year Rule on Agency Operations](#)

[Final Audit Report: Peace Corps Overseas Staffing](#)

Challenge Training Overseas Staff

Why This Is a Challenge

The Peace Corps relies on its overseas staff to ensure the success of its programs around the world. Overseas staff members have many responsibilities; including identifying jobs where Volunteers can be productive and contribute to host country development needs, managing financial and administrative operations, and ensuring the health and safety of Volunteers. Even though they work outside of the United States, overseas staff often has to abide by the rules of the federal government, including those related to ethics, contracting, and whistleblower protection. Ensuring overseas staff has the skills and information they need for their jobs requires training.

In September 2014, OIG issued its final report on the training Peace Corps provides to its overseas staff. During this evaluation, OIG reviewed the training provided on a number of different topics, including cashier functions, classified materials handling, continuing medical education, medical overseas staff training, confidential handling of Volunteer allegations, contracting functions, equal opportunity employment, ethics, information security, purchase card, sexual assault policy, supervisory training, and travel card training. Although there are

many areas where the agency is putting a lot of resources into training, OIG work uncovered a number of challenges.

An underlying problem is that the agency does not have a central office to develop, manage, and coordinate the training of overseas staff. The responsibility for managing training is largely decentralized, with different headquarters offices and posts responsible for identifying training needs, developing and delivering training, and using their own methods and systems to track training participation. There is no senior official who can develop a learning strategy for the entire agency and then ensure the Peace Corps has the financial and human resources needed to implement the strategy.

Another significant challenge is that the agency does not have a training coordinator for host country nationals (HCNs), who make up over 90 percent of Peace Corps' overseas workforce. Although some of the overseas positions are filled by U.S. direct hire positions, the majority of the staff is HCNs. Even though HCNs make up the majority of Peace Corps' overseas workforce, the agency has not always extended the same training opportunities to them.

The agency's primary training and orientation for overseas staff members, called overseas staff training (OST), is not available to every staff member. According to OIG data, only 18 percent of current overseas staff (and nine percent of HCNs) hired between 2008 and 2013 attended OST. The agency lacks an alternate mechanism for orienting new post staff members. Without a comprehensive, standardized orientation and training program for all overseas staff, each post decides what information will be provided to new staff. This creates variability in the quality of staff training, and there is no assurance that new staff is properly trained on important policies and procedures.

OIG also reported that the agency lacks training records and a robust learning management system. Without these, it is very difficult, and sometimes impossible, to identify everyone who needs to take certain trainings and track training completion. This makes it challenging to ensure that employees have received training on mandatory and job-essential topics.

Additionally, as OIG reports in the management challenge related to excessive staff turnover, time-limited staff appointments under the five-year rule creates an accelerated rate of turnover and underscores the need for a comprehensive staff training program to fully prepare new hires to perform their jobs.

Progress in Addressing the Challenge

Because minimal time has elapsed since OIG released the staff training report, the agency has not had time to implement the recommendations. However, during fieldwork, OIG uncovered areas where the agency has made progress. For example, the agency hired a training manager, a position that had been vacant since 2010. The agency also continued to develop and implement trainings needed to comply with federal laws, such as a training program for sexual assault response liaisons, a sexual assault policy training for all overseas staff, and supervisory training. In its response to the 2014 OIG report on training overseas staff, the agency committed to take further action to improve its training program.

What Needs To Be Done

OIG issued 25 recommendations in its 2014 report. Some of these related to ensuring that specific trainings, such as supervisory training, purchase and travel card training, and sexual assault policy training, are provided in accordance with federal laws and agency policy. Others were aimed at addressing the systemic issues uncovered during the evaluation. The report included recommendations to designate responsibility for the oversight of the agency's staff training program, implement a training needs assessment process, create a standardized training program for new overseas staff, and implement an improved learning management system.

Key OIG Resources

[Final Program Evaluation: The Peace Corps' Training of Overseas Staff](#)

[Final Evaluation Report: Impacts of the Five Year Rule on Agency Operations](#)

[Recurring Issues: OIG Post Audits and Evaluations FY 2009-2011](#)

Summary of Financial Statement Audit and Management Assurances

Table 1. Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Management Analysis and Reporting	1	0	1	0	0
<i>Total Material Weaknesses</i>	1	0	1	0	0

Table 2. Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Financial Management Analysis and Reporting	1	0	1	0	0	0
<i>Total Material Weaknesses</i>	1	0	1	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
FISMA	1	0	1	0	0	0
<i>Total Material Weaknesses</i>	1	0	1	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Systems conform, except for the below nonconformance, to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
FISMA	0	1	0	0	0	1
<i>Total Non-Conformances</i>	0	1	0	0	0	1

Appendices



Appendix 1

Status of Significant Deficiencies, Noncompliances, and Nonconformance

Kearney & Company, external independent auditor, issued the FY 2014 financial statement audit report which begins on page 118 transmitted through the Inspector General. The report identified three significant deficiencies, three instances of noncompliance with laws and regulations, and one nonconformance with the financial management system requirements.

The status of the three significant deficiencies (Property, Plant, and Equipment – Repeat Condition; Information Technology Security – Repeat Condition; and Untimely De-Obligation of Unliquidated Obligations – New Condition) is shown below in Part I Significant Deficiencies. The three noncompliances (Usage of Treasury Account Fund Symbols – Repeat Condition; Obligation Controls – New Condition; Filing of Public Reports – New Condition) are shown below in Part II Noncompliances. The one nonconformance with financial management system requirements for the Federal Information Security Management Act of 2002 (FISMA) (Repeat Condition) is in Part III. Each part identifies the FY 2014 Completed Corrective Actions, if performed, and the FY 2015 and Out Planned Corrective Actions to resolve the deficiencies, noncompliances, and the nonconformance.

	Status at End of FY 2014	Anticipated Resolution Date
Part I Significant Deficiencies		
Property, Plant and Equipment (PP&E)	Open	Mar 2016
Information Technology Security	Open	Sep 2017
Untimely De-Obligation of Unliquidated Obligations	Open	Jun 2015
<u>PP&E</u>		
FY 2014 Completed Corrective Actions		
1. Procured new asset management system		
2. Identified and removed items in inventory that were no longer physically present		
FY 2015 and Out Planned Corrective Actions		
1. Integrate new asset management system software		
2. Validate systems' internal controls		
3. Conduct data verification and clean-up		
4. Initiate employee training in PP&E policies, procedures, and software operation		
5. Conduct pilot testing in U.S. and in the regions to ensure compliance		
6. Perform employee training and system roll-out		
<u>Information Technology Security</u>		
FY 2014 Completed Corrective Actions		
1. Secured usage of the U.S. Department of Justice Cyber Security Assessment and Management repository to create, track, and mitigate Plan of Action and Milestones in a centrally located federal repository		
2. Purchased 40 AlienVault Security Information and Event Management (SIEMs) products to initiate continuous diagnostic monitoring of all posts		
3. Configured 25 SIEMs which are actively monitoring posts in the EMA Region		

4. Satisfied the vulnerability assessment procedures report mechanism and the Plan of Action and Milestones audit findings

FY 2015 and Out Planned Corrective Actions

1. Complete deployment of the remaining 15 AlienVault SIEMs to actively perform continuous diagnostic monitoring of all posts
2. Create new executive and privilege level role based training
3. Complete a Gap Analysis for the Risk Management agency strategy

Untimely De-Obligation of Unliquidated Obligations

FY 2015 Planned Corrective Actions

1. Enhance the tri-annual open obligation exercise to include a greater number of recently created obligations
2. Implement an audit process to sample open obligations to ensure timely de-obligation

Part II Noncompliances	Status at End of FY 2014	Anticipated Resolution Date
Usage of Treasury Account Fund Symbols	Open	Dec 2014
Obligation Control	Open	Jun 2015
Filing of Public Reports	Open	Jun 2015

Usage of Treasury Account Fund Symbols

FY 2014 Completed Corrective Actions

1. Updated classification of all trust funds in the agency's financial system
2. Reported all trust funds activity in the FY 2014 financial statements

FY 2015 Planned Corrective Actions

1. Update agency policy on the fund classification and reporting
2. Periodic review of Treasury's Federal Account Symbols and Titles Book and other federal financial authorities and guidelines for proper accounting treatment

Obligation Control

FY 2015 Planned Corrective Actions

1. Present enhanced trainings to overseas financial management control officers and headquarters staff concerning obligations

Filing of Public Reports

FY 2015 Planned Corrective Actions

1. Active engagement between White House Liaison and General Counsel Ethics Officer to ensure timely start of disclosure forms

Part III Nonconformance	Status	Anticipated
FISMA	End of FY 2014	Resolution Date
<u>FISMA</u>	Open	Sep 2017
FY 2014 Completed Corrective Actions		
<ol style="list-style-type: none"> 1. Identified all FISMA systems inventory boundaries 2. Current efforts are in progress for the identification and analysis of all external connections 		
FY 2015 and Out Planned Corrective Actions		
<ol style="list-style-type: none"> 1. Complete the identification and analysis of all external connections 2. Create the remaining four FISMA systems packages to include system security plans, standards for security categorization, and minimum security requirements 3. Replace all existing ColdFusion applications 		

Appendix 2

Verification and Validation of Performance Data

Annual Volunteer Survey

The Annual Volunteer Survey (AVS) is an anonymous, voluntary online survey of all currently serving Volunteers. This comprehensive survey provides Volunteers' assessments of the effectiveness of Peace Corps training, in-country staff support, their personal health and safety, and their overall service experience.

The 2014 AVS was fielded from June 9 to August 15, 2014, and 91 percent of Volunteers completed the survey. The high response rate from Volunteers minimizes total survey error at the global level. The survey is not, however, administered to a random sample of Volunteers. As with other non-randomized surveys, the AVS is subject to non-response bias.

The demographic profile of the survey respondents is representative of the Volunteer population on key characteristics: age, gender, length of stay in country, project sector, and status as a Volunteer. Responses to all AVS questions were directly provided by the Volunteers and housed in an external, electronic survey database. To ensure data quality, rigorous data cleaning procedures were applied to the dataset prior to analysis. Analyzed data were used to inform agency leadership about the Volunteers' perspectives on key issues. The high response rate from Volunteers and the data verification and validation measures utilized ensure the high level of AVS data accuracy needed for its intended use.

The AVS reflects the experiences and opinions of Volunteers at a fixed point in time and can be influenced by various factors, such as major external events or the ability to recall information. The agency takes into consideration both statistical and practical significance to account for variation in AVS results from year-to-year. Thus, nominal percentage point movements may not be practically meaningful or significant. In using AVS results, the agency reviews longer-term trends to account for normal, expected variations in responses.

The AVS questionnaire underwent a significant redesign in 2014 to improve data quality and strengthen respondent confidentiality.

The questionnaire length was significantly reduced—from 105 questions in 2013 to 55 questions in 2014—in order to improve data quality and the survey-taking experience. A detailed analysis of previous years' data, matched with best practices from the survey research field, guided the redesign decisions. Questions that were highly correlated, that posed respondent confidentiality concerns, and questions that typical respondents would not have adequate knowledge to answer were excluded from this year's survey.

To reduce measurement error and follow best survey research practices, adjectival scales (unbalanced unipolar), which had been intended to measure attributes that are bipolar in nature, were changed to more accurate Likert scales (balanced bipolar) in 2014. Adjectival scales were first introduced in the Annual Volunteer Survey questionnaire in 2010; prior to that, survey questionnaires primarily consisted of visual analog scales with only the end points labeled. The change from unbalanced to balanced scales affected 18 questions of the 55-question instrument.

To strengthen respondent confidentiality, all demographic questions were moved to the end of the survey. This change allowed respondents to make an informed decision about disclosing their optional demographic data after having answered all of the substantive questions on the survey. Consequently, the data quality of survey responses to non-demographic questions was expected to improve.

Due to these improvements to the AVS, results from prior years may not be directly comparable to results in FY 2014 and future years. Changing from unbalanced to balanced scales has the effect of drawing respondents from an unbalanced center point into well-defined scale points on either side. While the agency is not able to quantify the effect of this change on the survey results, it is clear that FY 2014 results are consistently more positive than previous year results, likely due to the 2014 redesign, including the reduction of the length of the questionnaire, the modification of the response scales, and improvements to respondent confidentiality.

Peace Corps database systems

The agency maintains several database systems to collect Volunteer and program information. In order to maintain data integrity and ensure that the appropriate data entry methodology is followed, only authorized staff who have been properly trained can access key systems. Regular reconciliation processes among agency units enable users to verify and test performance data to isolate and correct data entry or transfer errors. Internal, automated system processes also ensure data is appropriately transferred among different applications. The required level of accuracy to provide current and historical information about programs and Volunteers is met through database rules and business processes. Where data limitations do exist, largely due to data entry compliance in isolated systems, they are noted in the appropriate performance goal section.

Peace Corps administrative records

The agency collects data annually from headquarters offices and overseas posts that do not exist in a centrally managed database through an online data call (survey). Responses are housed in an external, electronic database. Data cleaning procedures are applied to the dataset prior to analysis. Leadership from all overseas posts and headquarters offices are required to complete the survey. The survey is designed with clear logic and data validation rules to minimize data entry error. The data are independently reviewed by the Office of Strategic Information, Research, and Planning and anomalies are addressed to improve data quality. Other data are collected from specific headquarters offices individually.

While these administrative records do not have the benefit of the verification and validation standards executed in Peace Corps database systems, the agency is able to ensure a high level of accuracy by working with individual offices and posts to develop reliable data collection and analysis procedures.

Employee Viewpoint Survey

The Employee Viewpoint Survey is administered to all U.S. direct hire staff annually. The survey measures employees' perceptions about how effectively the agency is managing the workforce. The agency utilizes the survey results to compare working conditions at the Peace Corps with other federal government agencies and to identify opportunities to improve workforce management.

The demographic profile of survey respondents is consistently representative of the U.S. direct hire staff. In 2014, 93 percent of employees completed the survey. The survey is administered electronically, and questions are modeled on the Federal Employee Viewpoint Survey fielded each year across the federal government by the Office of Personnel Management.

The survey is not administered to a random sample of Peace Corps employees; as a result, the survey is subject to non-response bias. Additionally, the survey represents the views of employees at a fixed point in time and can be influenced by external factors. The agency accounts for these data limitations by drawing conclusions from multiyear trends and comparisons to results from other federal agencies.

Volunteer Reporting Tool

Volunteers report on their work and the progress they are making toward their project outcomes through the Volunteer Reporting Tool (VRT). The VRT is also utilized to report on Volunteers' contributions to the agency's strategic partners, such as the President's Emergency Plan for AIDS Relief and Feed the Future.

Since the development of the first version of the VRT in 2008, the agency has made numerous enhancements to the tool to improve the user experience, reduce data entry errors, and improve reporting. Volunteer reports are submitted to overseas post staff through the VRT on a quarterly or semiannual basis. Staff review all reports and work with Volunteers to verify data and correct anomalies prior to end-of-year analysis. The agency provides in-depth VRT training and support to Volunteers and staff to ensure data are collected, analyzed, and reported properly. The agency has also developed data collection tools for the project indicators related to Performance Goal 3.1 to standardize the methods that Volunteers use to collect data prior to entry into the VRT. The primary data quality challenge that remains is how to ensure an adequate percentage of Volunteers report on the project indicators related to Performance Goal 3.1. The agency is addressing this challenge by working with overseas posts to encourage higher reporting rates and by appropriately documenting and considering reporting rates in analyses.

Global Counterpart Survey

The first Global Counterpart Survey was launched in FY 2014 and is a short interview of Volunteers' primary work partners administered by overseas staff. The 20-question survey is designed to provide information on the impact of Volunteers on local communities from the perspectives of the individuals with whom Volunteers work most closely. The survey is administered continuously throughout the year by overseas staff during regularly scheduled site visits.

Data quality challenges include potential interviewer error and ambiguity in the total survey population. The interviews are conducted by staff experienced in project fieldwork and counterpart communication but who may not have extensive survey interviewing and data collection experience. Issues of translation, variation in interview styles, and accuracy of coding may have an unpredictable influence on the results. The agency is addressing this challenge by providing tools, training, and support to staff and by closely monitoring survey results to identify inconsistencies.

Determining the survey population is a challenge. There are multiple utilizations and interpretations of the title "counterpart" across the agency which will influence the survey population. To address this, the agency has defined counterpart as the Volunteer's primary work partner for his or her primary project. For the purposes of

performance goals 3.2 and 4.1, it is assumed that each Volunteer will have one official counterpart. The agency will track survey responses and explore instances where a post reports more counterparts than Volunteers who served during that time period.

Host Country Staff Survey

The first systematic, global survey of Peace Corps host country staff was launched in FY 2014. The Host Country Staff Survey is a short, confidential voluntary survey designed to gather input from host country staff for two performance goals in the agency's strategic plan. The survey was administered online from August 1 to August 31, 2014, and 58 percent of the host country staff surveyed responded. The survey included eight questions covering topics related to building an agency more inclusive of diversity and understanding staff training needs. In future years, the agency expects to expand the survey to include additional questions to more fully capture the perspectives of host country staff on a range of topics related to post operations and support.

The primary data quality challenge with the survey in FY 2014 was the development of the sampling frame. Identifying and contacting all host country staff proved difficult; some staff members in administrative or support positions did not have official email addresses. Due to this challenge, the sampling frame only consisted of the host country staff who could be reached via email (approximately 1,870 out of 2,800 staff). Additionally, lack of computer access, differing levels of familiarity with online survey tools, and limited English ability for some staff may have contributed to non-response bias. Moving forward, the agency will explore additional methods of survey administration, such as supplementing online surveying with the use of paper surveys and developing questionnaires in additional languages, to facilitate the participation of more host country staff.

Appendix 3

Glossary of Acronyms

AVS	Annual Volunteer Survey
CARS	Central Accounting and Reporting System
CIP	Construction in Progress
DEAO	Designated Agency Ethics Official
DOL	Department of Labor
DOS	Department of State
EMA	Europe, Mediterranean, and Asia Region
ERG	Employee Resource Group
FASAB	Federal Accounting Standards Advisory Board
FAST	Federal Account Symbols and Titles
FECA	Federal Employees Compensation Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FSN	Foreign Service National
FYR	Five-Year Rule
GAGAS	Generally Accepted Government Auditing Standards
GSA	General Services Administration
HSN	Host Country National
IAP	Inter-America and the Pacific Region
ISCM	Information Security Continuous Monitoring
IT	Information Technology
MOU	Memorandum of Understanding
MRE	Monitoring, Reporting, and Evaluation
OAA	Ongoing Assessment and Authorization
OCIO	Office of the Chief Information Officer
OGE	Office of Government Ethics
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSIRP	Office of Strategic Information, Research, and Planning
OST	Overseas Staff Training
PCMO	Peace Corps Medical Officer
PEPFAR	President's Emergency Plan for AIDS Relief

Appendices

PP&E	Property, Plant, and Equipment
PSC	Personal Services Contractor
RPCV	Returned Peace Corps Volunteer
RSO	Regional Security Officer
SARRR	Sexual Assault Risk Reduction and Response
SA&A	Security Assessment and Authorization
SIEM	Security Information and Event Management
TAFS	Treasury Account Fund Symbols
TEFL	Teaching English as a Foreign Language
ULO	Unliquidated Obligations
VMIS	Vehicle Management Information System
VRT	Volunteer Reporting Tool



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